

**BOARD OF EDUCATION
OF THE
TOWNSHIP OF PENNSAUKEN
SCHOOL DISTRICT
PENNSAUKEN, NEW JERSEY**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

PENNSAUKEN TOWNSHIP SCHOOL DISTRICT
Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	2
Organizational Chart	9
Roster of Officials	10
Consultants and Advisors	11
FINANCIAL SECTION	
Independent Auditor's Report	13
Required Supplementary Information - Part I Management's Discussion and Analysis	19
Basic Financial Statements	
A. Government-Wide Financial Statements:	
A-1 Statement of Net Position	28
A-2 Statement of Activities	29
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	31
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	32
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	33
Proprietary Funds:	
B-4 Statement of Net Position	34
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	35
B-6 Statement of Cash Flows	36
Fiduciary Funds:	
B-7 Combining Statement of Fiduciary Net Position	37
B-8 Combining Statement of Changes in Fiduciary Net Position	38
Notes to the Financial Statements	39
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule - General Fund	77
C-1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (if applicable)	N/A
C-1b Community Development Block Grant - Budget and Actual (if applicable)	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	88
C-3 Notes to Required Supplementary Information - Part II Budget-to-GAAP Reconciliation	90

PENNSAUKEN TOWNSHIP SCHOOL DISTRICT
Table of Contents (Cont'd)

	Page
 Required Supplementary Information - Part III	
L. Schedules Related to Accounting and Reporting for Pensions	
L-1 Schedule of the School District's Proportionate Share of the Net Pension Liability - PERS	92
L-2 Schedule of the School District's Contributions - PERS	93
L-3 Schedule of the School District's Proportionate Share of the Net Pension Liability - TPAF	94
L-4 Schedule of the School District's Contributions - TPAF	95
L-5 Notes to the Required Supplementary Information - Part III	96
 Required Supplementary Information - Part IV (if applicable)	
L-6 Schedule of Funding Progress for Health Benefits Plan	98
L-7 Notes to the Required Supplementary Information - Part IV	99
 Other Supplementary Information	
D. School Based Budget Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
 E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	102
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	106
 F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	108
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balances	109
F-2a Schedule(s) of Project Revenues, Expenditures, Project Balance and Project Status	110

PENNSAUKEN TOWNSHIP SCHOOL DISTRICT

Table of Contents (Cont'd)

	Page
Other Supplementary Information (Cont'd)	
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Statement of Net Position	117
G-2 Statement of Revenues, Expenses and Changes in Fund Net Position	118
G-3 Statement of Cash Flows	119
Internal Service Fund:	
G-4 Combining Statement of Net Position	N/A
G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-6 Combining Statement of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	121
H-2 Combining Statement of Changes in Fiduciary Net Position	122
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	123
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	124
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	126
I-2 Schedule of Obligations under Capital Leases	127
I-3 Debt Service Fund Budgetary Comparison Schedule	128

STATISTICAL SECTION (Unaudited)**Introduction to the Statistical Section****Financial Trends**

J-1 Net Position by Component	131
J-2 Changes in Net Position	132
J-3 Fund Balances - Governmental Funds	134
J-4 Changes in Fund Balances - Governmental Funds	135
J-5 General Fund Other Local Revenue by Source	136

Revenue Capacity

J-6 Assessed Value and Actual Value of Taxable Property	138
J-7 Direct and Overlapping Property Tax Rates	139
J-8 Principal Property Taxpayers	140
J-9 Property Tax Levies and Collections	141

Debt Capacity

J-10 Ratios of Outstanding Debt by Type	143
J-11 Ratios of General Bonded Debt Outstanding	144
J-12 Direct and Overlapping Governmental Activities Debt	145
J-13 Legal Debt Margin Information	146

PENNSAUKEN TOWNSHIP SCHOOL DISTRICT
Table of Contents (Cont'd)

	Page
STATISTICAL SECTION (Unaudited) (Cont'd)	
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	148
J-15 Principal Non-Governmental Employers	149
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	151
J-17 Operating Statistics	152
J-18 School Building Information	153
J-19 Schedule of Required Maintenance	154
J-20 Insurance Schedule	155
SINGLE AUDIT SECTION	
K-1 Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	16
K-2 Report on Compliance for Each Major Program and Report on Internal Control over Compliance Required by the Uniform Guidance and State of New Jersey Circular 15-08-OMB	157
K-3 Schedule of Expenditures of Federal Awards, Schedule A	159
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	161
K-5 Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	163
Schedule of Findings and Questioned Costs:	
K-6 Summary of Auditor's Results	165
K-7 Schedule of Current Year Findings	167
K-8 Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management	170

INTRODUCTORY SECTION

PENNSAUKEN PUBLIC SCHOOLS

ADMINISTRATION OFFICES

1695 Hylton Road
Pennsauken NJ 08110

(856) 662-8505
FAX (856) 662-4080

December 1, 2017

Honorable President and
Members of the Board of Education
Pennsauken Township School District
1695 Hylton Road
Pennsauken, NJ 08110

Dear Board Members:

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

Our comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes the following:

Transmittal Letter, District's Organizational Chart and List of
Principal Officials

The financial section includes:

Basic Financial Statements, Fund Statements, Schedules and
Auditor's Reports

The statistical section includes:

Selected Financial and Demographic Information presented on a
multi-year basis

The District is required to undergo an annual single audit in conformity with provisions of 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 State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Requirements of Federal Grants, State Grants and State Aid*. 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) REPORT ENTITY AND ITS SERVICES:

The Pennsauken School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the District are included in this report.

The District provides a range of educational services appropriate to grade levels Pre-K through 12. These include regular and classified students Pre-K through 12. Student enrollment counts for the past ten years are detailed below.

<u>YEAR</u>	<u>STUDENT ENROLLMENT</u>	<u>PERCENT CHANGE</u>
2016-17	5022	1.23%
2015-16	4961	-1.74%
2014-15	5049	-0.92%
2013-14	5096	-2.84%
2012-13	5245	-2.56%
2011-12	5383	-1.68%
2010-11	5475	-0.09%
2009-10	5480	0.07%
2008-09	5476	-0.82%
2007-08	5521	-2.25%

2) ECONOMIC CONDITION AND OUTLOOK:

The Central Elementary School and Booker T. Washington School have been closed and students redistricted to other schools throughout the District. The School District's Long Range Facilities Plan was updated to reflect this change. The School District is reviewing future facility needs.

2) ECONOMIC CONDITION AND OUTLOOK (CONT'D):

Residential real estate sales in Pennsauken have remained constant in the past year which has been the trend throughout the nation. Pennsauken's residential community has reflected a moderate change and the minority populations are increasing.

3) MAJOR INITIATIVES:

The Pennsauken School District is evolving. Our community and our student population are greatly diverse. The District's initiatives reflect a renewed vision and articulate the next chapter in the laudable history of the Pennsauken School District. This direction aims at embracing and uplifting the assets of its diverse school community and taking advantage of new opportunities as they appear.

The Pennsauken Board of Education laid the foundation for progress by adopting a Vision, Mission and Belief Statements in the spring of 2012. This has been updated to include new changes and the new vision for Pennsauken Public Schools. All efforts toward improvement are undergirded and guided by these statements. They keep all focused on our one true purpose, student success.

The initiatives detailed in this document are ambitious, but achievable. We seek input from all stakeholders to review, revise, and commit to full realization of them. We owe our students and ourselves our most dedicated work.

The Pennsauken Schools' vision is to foster diversity and talent as well as prepare students with the knowledge, higher-order thinking skills, and communication readiness for college, career, and workforce success. In partnership with parents and community stakeholders, our mission is to provide continuous student academic improvement for pursuit of lifelong learning and happiness. The Pennsauken Public Schools' Belief Statements are the following:

Potential: The District believes that all students have great potential to become innovators of the next generation. It is our responsibility to educate all students to their fullest potential and to foster and expectation for high performance. This requires adopting a positive attitude that drives the belief that with a high-quality education and appropriate supports, students can be successful regardless of circumstances.

Diversity: The District believes that our strength is in our diversity. Diversity enhances learning. The individuality and uniqueness of all school community members will be fostered and celebrated.

3) MAJOR INITIATIVES (CONT'D):

Accountability: The District will make all decisions in the best interest of all students by aligning our vision and mission with policies, budgets, guidelines, curriculum, and district performance data. Students should be afforded a high effective educator in each classroom, differentiated instruction, and alternative ways of learning. We believe that the current disparity in academic performance between different groups of students can and must be eliminated.

Our major educational initiatives will continue to be:

1. Developing a highly qualified staff
2. Creating a positive school climate and culture for educators and students
3. Sustaining school safety and security
4. Differentiating instruction at all levels for all learners
5. Implementing 21st Century technology
6. Providing College and Career Awareness Programs to all students through dual credit classes, advanced placement classes, and career and technical education programs
7. Offering a gateway to post-secondary education through dual credit course offered through local colleges and universities and career and technical education programs mention in item 6; this provides students a jump start to their future endeavors

Each school has developed a set of objectives and a plan of action to implement these initiatives. Teachers are encouraged to participate in our comprehensive staff development courses that focus on strategies that will help them improve student academic learning outcomes. All professional development is aligned with the District's initiatives.

This year, the administration is working with school administration to use data more effectively and assess student progress and instructional programs. Professional development includes the following data: PARCC, NJASK, benchmarks, student enrollment, violence and vandalism trend data, attendance, report cards, special education inclusions student progress and after school programs.

The administrative staff and Board of Education continue to have discussed student achievement data analysis, including PARCC, NJASK, and NJBCT analysis (even though the state exam is being changed to encompass a deeper breath of the sciences), SAT and PSAT analysis. Benchmarks analysis which tests student knowledge on NJCCCs and NGSS, and Reading Levels. During the summer of 2012, the Administration presented the School Board with the graduation dropout rate and the need for credit recovery programs. Data shared were Pennsauken Gap; local and national demographic and economic data; comparison of PARCC, NJASK, NAEP and AYP Performance Results.

3) MAJOR INITIATIVES (CONT'D):

The District continues to collaborate with partners on several strategies. The administration is working with NJDOE Office on Safety and Security in the Tier 1 District, Making Our Schools Safe (M.O.S.S). Together with local emergency responders, the District developed a more comprehensive school safety emergency plan to further sustain a positive school climate and culture.

In an effort to increase and communicate high expectations for greater positive student behavior, the District revamped the Code of Conduct in collaboration with District Staff, parents, student, and community at large and Board adopted in October of 2016.

The staff continues to grow in the Masonic Model for Intervention and Referral Services, a state mandated system of clearly defined steps that are taken to assist a struggling student in improving educational outcomes and overall academic performance. We want to provide additional resources and support for students social wellbeing. Therefore, we have also expanded character education from only elementary level to K through 8th grades and adding high school programs.

Also, the District is working with the department of education to further align the Career and Technology Education Programs with the NJ State's Plan. The Pennsauken High School has a variety of related arts program. Additionally, the District has expanded the Middle and High School STEM (Science, Technology, Engineering and Math) programs through partnerships with Rowan University, Camden County College, Rowan College of Burlington County (RCBC) and other community organizations. The high school is looking to house 6 Career and Technical Education Programs which include Culinary Arts, Cosmetology, Carpentry, Welding, Electrical Construction, and Automotive Technology. This will be in addition to our Academy programs that will also be housed in the high school. The high school is looking to house multiple academies including a Health Science Academy, Engineering Academy, Music and Fine Arts Academy, Criminal Justice Academy, Mathematics and Engineering Academy, and a Communication Academy encompassing Television and Journalism. Additionally, we have been approved for the Air Force Junior ROTC program that will begin in September of 2018. Through the expansion and improvement of technology, teachers at school levels are integrating the use of classroom wireless computer carts, smart boards, and promethean boards in their classroom instruction. Ultimately, it is our aim to strengthen and support our teaching staff with the state of the art equipment that will help prepare and engage students in 21st Century learning and College and Career Readiness.

4) INTERNAL ACCOUNTING CONTROLS:

Management of the Pennsauken Township School District 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 are compiled to allow for the preparation of financial statement 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 management.

As a recipient of federal and state financial assistance, the Pennsauken Township School 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 the district management.

As part of the Pennsauken Township School 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 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 budgets are adopted for the general fund, the special revenue fund and the debt service fund. The final budget amounts, as amended for the fiscal year, are 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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assignments of fund balance at June 30, 2017.

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in “Notes to the Financial Statements”, Note 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.

8) RISK MANAGEMENT:

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

9) OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants. The accounting firm of Bowman & Company LLP was selected by the Board.

In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the provisions of 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 State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Requirements of Federal Grants, State Grants and State Aid*. The auditor's report on the general purpose financial statements and combined and individual fund statements and schedules are 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.

10) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Pennsauken 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.

Respectfully submitted,

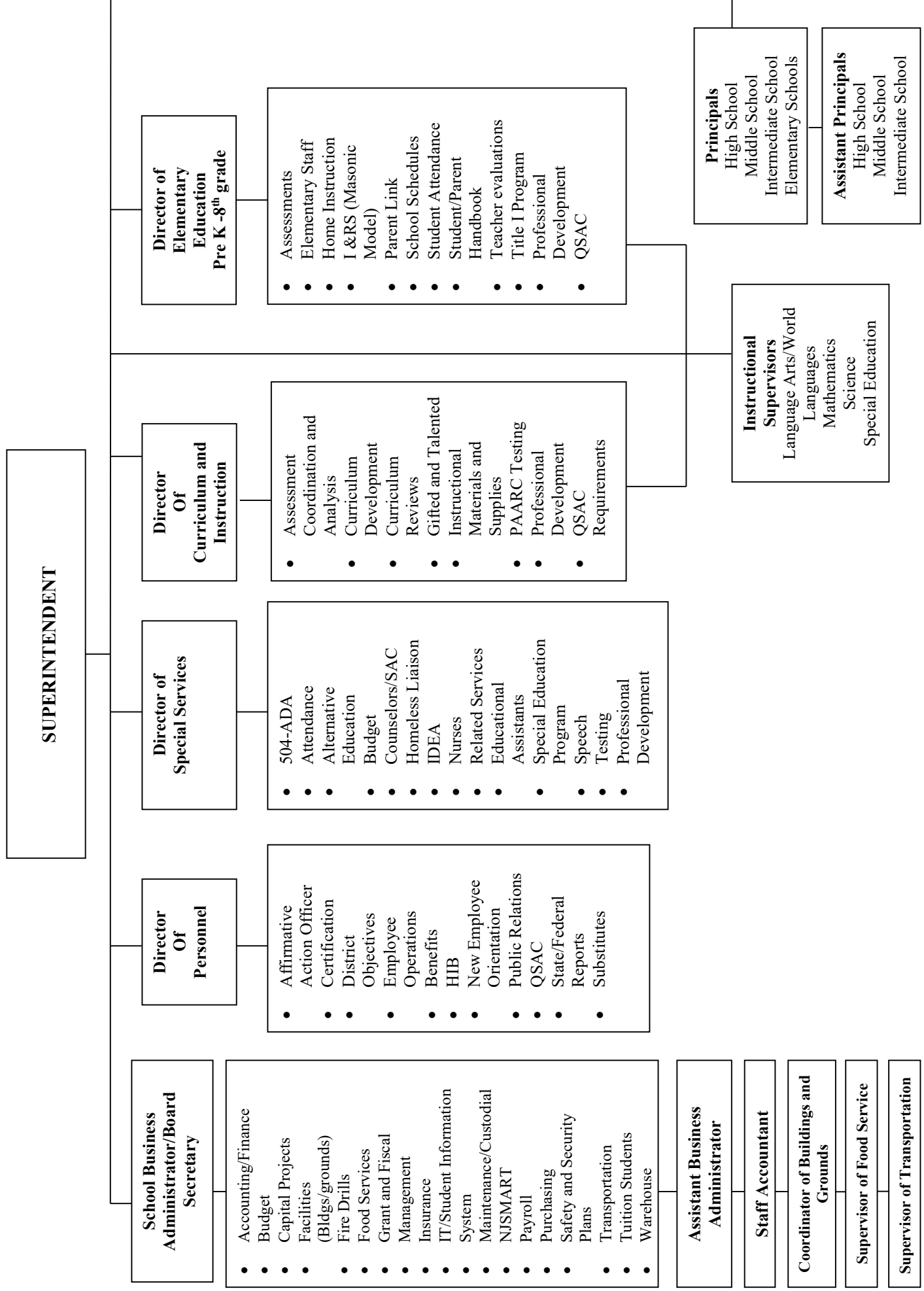


Ronnie Tarchichi
Superintendent of Schools
Pennsauken Public School District



Noreen W. Boston
School Business Administrator
Pennsauken Public School District

PENNSAUKEN PUBLIC SCHOOLS ORGANIZATIONAL CHART



PENNSAUKEN BOARD OF EDUCATION
PENNSAUKEN, NEW JERSEY

ROSTER OF OFFICIALS
June 2017

MEMBERS OF THE BOARD OF EDUCATION	<u>TERM</u>
Nicholas Perry, President	2019
Allyson Meloni, Vice-President	2017
JoAnn Young	2019
Leona Moss	2017
Orlando Viera	2017
Cheryl Duffy	2018
Michael Hurley	2018
Diane Johnson	2018
Jennifer Slattery	2019

OTHER OFFICIALS

Ronnie Tarchichi, Superintendent of Schools

Noreen Boston, School Business Administrator/Board Secretary

Walter Nicgorski, Treasurer of School Monies

Andrew W. Li, Board Solicitor – Parker McCay

PENNSAUKEN BOARD OF EDUCATION

PENNSAUKEN, NEW JERSEY

CONSULTANTS AND ADVISORS

Audit Firm

Bowman & Company LLP
601 White Horse Road
Voorhees, New Jersey 08043

Attorney

Andrew W. Li, Esq.
Parker McCay
9000 Midlantic Drive
Suite 300
Mt. Laurel, New Jersey 08054-1539

Official Depositories

Republic Bank
Two Liberty Place
50 S. 16th Street
Suite 2400
Philadelphia, PA 19102

State of New Jersey
Cash Management Fund
Harborside Financial Fund
Jersey City, New Jersey 07311

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of Pennsauken
County of Camden
Pennsauken, New Jersey 08110

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 Township of Pennsauken School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 School District'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 School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the School District's proportionate share of the net pension liability, schedule of the School District's contributions, and schedule of funding progress for health benefits plan, as listed 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 Township of Pennsauken School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, 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 State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2017 on our consideration of the Township of Pennsauken School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Pennsauken School District's internal control over financial reporting and compliance.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Daniel M. DiGangi

Daniel M. DiGangi
Certified Public Accountant
Public School Accountant No. CS 002376

Voorhees, New Jersey
December 1, 2017

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of Pennsauken School District
County of Camden
Pennsauken, New Jersey 08110

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities and each major fund, and the aggregate remaining fund information of the Township of Pennsauken School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 1, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of Pennsauken School District's internal 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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Pennsauken School 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 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 in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Pennsauken School District's financial statements are free from 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 Division of Administration and Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Daniel M. DiGangi

Daniel M. DiGangi
Certified Public Accountant
Public School Accountant No. CS 002376

Voorhees, New Jersey
December 1, 2017

REQUIRED SUPPLEMENTARY INFORMATION
PART I

PENNSAUKEN TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

The management's discussion and analysis of the Township of Pennsauken School District (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017 and 2016. The intent of the discussion and analysis is to look at the School District's financial performance and review the notes to the basic financial statements to enhance the understanding of the School District's financial performance. It is recommended that the discussion and analysis be read in conjunction with a transmittal letter at the front of this financial report.

FINANCIAL HIGHLIGHTS

Financial Highlights for fiscal year 2017:

- The assets and deferred outflows of resources of the Township of Pennsauken School District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$30,853,068 (net position).
- The School District's total net position increased by \$1,830,396. This increase is primarily attributable to the Township of Pennsauken School District's increase in revenues over expenditures.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$28,207,401, an increase of \$8,556,618 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund had a deficit of \$2,071,352, which is a decrease of \$227,215 in comparison with the prior year.
- The Township of Pennsauken School District's total bonded debt decreased by \$3,320,000.

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 School District:

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

PENNSAUKEN TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Cont'd)

Government-Wide Statements

The government-wide statements report information about the School District as a whole using accounting methods similar to those used by the private-sector companies. The statement of net position includes all of the School 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 government-wide statements report the School District's net position and how they have changed. Net position is the difference between the School District's assets and deferred outflows of resources and liabilities and deferred inflows of resources and is one way to measure the School District's financial health or position. An increase or decrease in the School District's net position is an indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall health or position of the School District, you need to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

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

- *Governmental activities* – The basic services, such as instruction for regular and special education, maintenance and operations, transportation and administration are included as government activities. Property taxes, state aid and fund balance appropriated finance most of these activities.
- *Business-type activities* – The School District charges fees to cover the costs of certain services such as food services.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds, focusing on the significant funds, not the School District as a whole. Funds are used by the School District to keep track of specific sources of funding and spending on particular programs.

The School District has three kinds of funds:

- *Governmental funds* – The School District's basic services are included in governmental funds, which detail cash and other financial assets and also identify balances that remain at year-end. Governmental funds statements provide a short-term view to determine whether more or less financial resources can be spent in subsequent years.
- *Proprietary funds* – These funds represent charges or fees for such activities as food services.
- *Fiduciary funds* – The School District is the trustee for assets that belong to others. The unemployment, payroll, student activities and scholarship funds are maintained in this fund. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. These funds are not included in the government-wide financial statements since the School District is not permitted to use these assets in the School District operation.

PENNSAUKEN TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1 provides a summary of the School District's net position for fiscal years 2017 and 2016.

TABLE 1				
Net Position				
	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Change</u>	<u>% Change</u>
Assets:				
Current and Other Assets	\$ 31,267,825	\$ 22,437,543	\$ 8,830,282	39.35%
Capital Assets	49,302,355	49,915,132	(612,776)	-1.23%
Total Assets	80,570,180	72,352,675	8,217,505	11.36%
Deferred Outflows of Resources:				
Related to Pensions	11,561,658	5,057,010	6,504,648	128.63%
Deferred Loss on Refunding	372,932	559,398	(186,466)	-33.33%
Total Deferred Outflows of Resources	11,934,590	5,616,408	6,318,182	112.50%
Liabilities:				
Long-Term Liabilities	56,995,195	43,811,214	13,183,981	30.09%
Other Liabilities	3,764,600	3,510,957	253,643	7.22%
Total Liabilities	60,759,795	47,322,171	13,437,624	28.40%
Deferred Inflow of Resources - Related to Pensions	891,907	1,624,240	(732,333)	-45.09%
Net Position:				
Net Investment in Capital Assets	35,524,322	39,488,082	(3,963,760)	-10.04%
Restricted	28,912,987	19,449,838	9,463,149	48.65%
Unrestricted (Deficit)	(33,584,242)	(29,915,248)	(3,668,993)	-12.26%
Total Net Position	\$ 30,853,068	\$ 29,022,672	\$ 1,830,396	6.31%

Table 2 provides an illustration of the impact of the School District's Net Position for the implementation of GASB 68.

TABLE 2				
Statement of Net Position - Effect of Pension Related Items				
	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Change</u>	<u>% Change</u>
Deferred Outflows Related to Pensions	\$ 11,561,658	\$ 5,057,010	\$ 6,504,648	128.63%
Less: Net Pension Liability	(39,076,440)	(29,599,474)	(9,476,966)	-32.02%
Less: Deferred Inflows Related to Pensions	(891,907)	(1,624,240)	732,333	45.09%
	<u>\$ (28,406,689)</u>	<u>\$ (26,166,704)</u>	<u>\$ (2,239,985)</u>	<u>8.56%</u>

PENNSAUKEN TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONT'D)

Table 3 reflects changes in net position for fiscal years 2017 and 2016.

TABLE 3
Change in Net Position

Revenues:	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Change</u>	<u>% Change</u>
Program Revenues:				
Charges for Services	\$ 1,205,555	\$ 1,381,676	\$ (176,121)	-12.75%
Operating Grants and Contributions	33,045,007	16,278,788	16,766,219	102.99%
General Revenues:				
Property Taxes	40,244,878	39,422,769	822,109	2.09%
Grants and Contributions not Restricted to Specific Programs	51,303,983	52,310,635	(1,006,652)	-1.92%
Other	841,532	675,671	165,861	24.55%
Total Revenues	<u>126,640,955</u>	<u>110,069,539</u>	<u>16,571,416</u>	<u>15.06%</u>
Expenses:				
Instruction:				
Regular	22,771,677	23,124,832	(353,156)	-1.53%
Special Education	9,575,467	9,514,466	61,001	0.64%
Other Special Instruction	1,342,824	701,369	641,455	91.46%
Other Instruction	1,330,116	1,126,399	203,717	18.09%
Tuition	10,267,823	9,620,423	647,400	6.73%
Student Services:				
Student and Instruction Related	8,197,632	7,607,192	590,441	7.76%
School Administrative Services	2,738,953	2,654,635	84,319	3.18%
Other Administrative Services	2,474,180	2,397,954	76,227	3.18%
Plant Operations and Maintenance	8,671,103	8,547,333	123,770	1.45%
Pupil Transportation	5,437,487	5,107,037	330,450	6.47%
Unallocated Benefits	39,182,267	17,321,683	21,860,584	126.20%
Reimbursed TPAF and Social Security	5,636,390	8,331,087	(2,694,697)	-32.35%
Transfer to Charter Schools	3,725,444	3,363,325	362,119	10.77%
Interest on Long-Term Debt	484,136	472,973	11,163	2.36%
Food Service	2,975,061	3,225,480	(250,419)	-7.76%
Total Expenses	<u>124,810,559</u>	<u>103,116,186</u>	<u>21,694,374</u>	<u>21.04%</u>
Increase (Decrease) in Net Position	<u>1,830,396</u>	<u>6,953,353</u>	<u>(5,122,957)</u>	<u>-73.68%</u>
Beginning Net Position	<u>29,022,672</u>	<u>22,069,319</u>	<u>6,953,353</u>	<u>31.51%</u>
Ending Net Position	<u>\$ 30,853,068</u>	<u>\$ 29,022,672</u>	<u>\$ 1,830,396</u>	<u>6.31%</u>

PENNSAUKEN TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONT'D)

Governmental Activities

In 2016-2017, Governmental Activities Revenues were \$123,530,395 or 97.54% of total revenues.

In 2015-2016, Governmental Activities Revenues were \$106,842,014 or 97.07% of total revenues

In 2016-2017, General Revenues - Property Taxes of \$40,244,878.00 made up 31.78%, and General Revenues – Grants and Contributions of \$51,303,983 made up 40.51% of total revenues.

In 2015-2016, General Revenues - Property Taxes of \$39,422,769 made up 35.82%, and General Revenues – Grants and Contributions of \$52,310,635 made up 47.53% of total revenues.

In 2016-2017, the School District's Governmental Activities expenditures increased by \$21,944,792 or 21.97%.

Business-Type Activities

In 2016-2017 Business-Type Activities Revenues were \$3,110,560 or 2.46% of total revenues. In 2015-2016 Business-Type Activities Revenues were \$3,227,525 or 2.93% of total revenues.

Charges for Services for Business-Type Activities were \$715,769 in 2016-2017 compared to \$777,302 in 2015-2016, a 7.92% decrease.

Expenses for Business-Type Activities were \$2,975,061 in 2016-2017 compared to \$3,225,480 in 2015-2016, a 7.76% decrease.

General Fund Budgeting Highlights

The final budgetary basis revenue estimate was \$88,054,702, which was equal to the original budget.

The 2016-2017 General Fund Tax Levy was \$38,479,786, compared to 37,284,104 in 2015-2016, a 3.21% increase.

During fiscal year 2017, the School District budgeted \$38,479,786 for property taxes (local tax levy) and \$48,526,369 for state aid revenues.

The School District also received \$2,505,360 and \$6,882,640 reimbursed T.P.A.F. Social Security Aid and On-behalf T.P.A.F. Medical, Pension Contributions, Long-term Disability Insurance and Non-Contributory Insurance, respectively. The Pennsauken Township School District's expenditures also include the reimbursed TPAF Social Security Aid and On-behalf T.P.A.F. Pension, Medical, Pension Contributions, Long-term Disability Insurance and Non-Contributory Insurance of \$2,505,360 and \$6,882,640 respectively, which contributes to an unfavorable expenditure variance for the fiscal year.

The final budgetary basis expenditure appropriation estimate was \$97,969,873, which was equal to the original budget.

PENNSAUKEN TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONT'D)

Financial Analysis of the Government's Funds

Governmental Funds - As of the end of the current fiscal year, the School District's governmental funds reported combining ending fund balances of \$28,207,401, an increase of \$8,556,618 in comparison with the prior year.

Of the combined ending fund balances of \$28,207,401, \$2,122,794 constitutes unassigned fund balance deficits. The remainder of fund balance of \$30,330,195 is restricted or assigned for various purposes.

Proprietary Funds - As of the end of the current fiscal year, the School District's proprietary fund had \$675,142 in unrestricted net position.

CAPITAL ASSETS

The Township of Pennsauken School District's investment in capital assets for its governmental and business-type activities as of June 30, 2017 amounts to \$49,302,355 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, and equipment. There was a net decrease in the Township of Pennsauken School District's investment in capital assets for the current fiscal year of 1.23 percent. The net decrease was the result of asset depreciation. Table 4 reflects the capital assets.

TABLE 4
Capital Assets

Capital Assets (Net of Depreciation):	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Land	\$ 246,218	\$ 246,218
Construction in Progress	5,066,826	3,175,364
Land Improvements	1,704,603	1,767,306
Building and Improvements	39,578,251	41,770,334
Furniture, Fixtures and Equipment	<u>2,706,457</u>	<u>2,955,909</u>
Total Capital Assets	<u>\$ 49,302,355</u>	<u>\$ 49,915,132</u>

Depreciation expense was \$3,249,358 for fiscal year ended 2017 and \$2,844,604 for fiscal year ended 2016.

DEBT ADMINISTRATION

Long-term Debt - At the end of the current fiscal year, the Township of Pennsauken School District had total bonded debt outstanding of \$7,065,000. The entire Township of Pennsauken School District's bonded debt is governmental as opposed to business-type. The 2018 adopted budget has an appropriation of \$3,500,000 representing the payment of the annual principal. The 2014 refunding bonds will mature on April 1, 2019.

PENNSAUKEN TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Cont'd)

FACTORS ON THE DISTRICT'S FUTURE

For the 2016-2017 school year, the Township of Pennsauken School District was able to sustain its budget through the township tax levy, federal aid, state aid and miscellaneous revenue sources. 31.78 percent of total revenue is from local tax levy and 64.48 percent of the Township of Pennsauken School District's revenue is from federal and state aid (restricted and not restricted).

In conclusion, the Township of Pennsauken Board of Education and Administration have committed themselves to financial excellence for many years. Additionally, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District will continue with sound fiscal management to meet the challenge of the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Business Administrator/Board Secretary at Pennsauken Township Board of Education, 1695 Hylton Road, Pennsauken, New Jersey 08110.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

Statement of Net Position

June 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 22,934,061.76	\$ 884,883.70	\$ 23,818,945.46
Receivables, net	1,372,186.30	111,467.44	1,483,653.74
Inventory	160,032.78	45,914.43	205,947.21
Restricted Cash and Cash Equivalents	5,759,278.36		5,759,278.36
Capital Assets, net (Note 6)	48,948,050.47	354,304.74	49,302,355.21
Total Assets	79,173,609.67	1,396,570.31	80,570,179.98
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 9)	11,561,658.00		11,561,658.00
Deferred Loss on Refunding	372,931.94		372,931.94
Total Deferred Outflows	11,934,589.94	-	11,934,589.94
LIABILITIES:			
Accounts Payable:			
Related to Pensions	1,237,239.00		1,237,239.00
Other	2,289,832.01	16,772.33	2,306,604.34
Internal Balances	(282,189.39)	282,189.39	
Accrued Interest	185,448.41		185,448.41
Unearned Revenue	10,515.58	24,792.96	35,308.54
Noncurrent Liabilities (Note 7):			
Due within One Year	4,278,612.09	8,673.69	4,287,285.78
Due beyond One Year	52,673,214.37	34,694.75	52,707,909.12
Total Liabilities	60,392,672.07	367,123.12	60,759,795.19
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 9)	891,907.00	-	891,907.00
NET POSITION:			
Net Investment in Capital Assets	35,170,017.39	354,304.74	35,524,322.13
Restricted for:			
Endowment Fund	8,196.27		8,196.27
Capital Projects	9,392,772.73		9,392,772.73
Other Purposes	19,512,018.12		19,512,018.12
Unrestricted (Deficit)	(34,259,383.97)	675,142.45	(33,584,241.52)
Total Net Position	\$ 29,823,620.54	\$ 1,029,447.19	\$ 30,853,067.73

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2017

Functions / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental Activities:						
Instruction:						
Regular	\$ 22,771,676.81	\$ 348,108.85			\$ (22,423,567.96)	\$ (22,423,567.96)
Special Education	9,575,467.37	141,678.01	\$ 2,330,359.68		(7,103,429.68)	(7,103,429.68)
Other Special Instruction	1,342,823.68				(1,342,823.68)	(1,342,823.68)
Other Instruction	1,330,115.73				(1,330,115.73)	(1,330,115.73)
Tuition	10,267,822.57		1,603,987.00		(8,663,835.57)	(8,663,835.57)
Support Services:						
Student and Instruction Related Services	8,197,632.13		422,204.13		(7,775,428.00)	(7,775,428.00)
School Administrative Services	2,738,953.35				(2,738,953.35)	(2,738,953.35)
Other Administrative Services	2,474,180.42				(2,474,180.42)	(2,474,180.42)
Plant Operations and Maintenance	8,671,102.79				(8,671,102.79)	(8,671,102.79)
Pupil Transportation	5,437,486.65				(5,437,486.65)	(5,437,486.65)
Unallocated Benefits	39,182,267.13		20,508,770.00		(18,673,497.13)	(18,673,497.13)
Reimbursed TPAF and Social Security	5,636,389.56		5,636,389.56		(3,725,444.00)	(3,725,444.00)
Transfer to Charter School	3,725,444.00				(333,012.96)	(333,012.96)
Interest on Long-Term Debt	484,135.76		151,122.80			
Total Governmental Activities	121,835,497.95	489,786.86	30,652,833.17	-	(90,692,877.92)	(90,692,877.92)
Business-Type Activities:						
Food Service	2,975,061.49	715,768.62	2,392,174.07	-	-	\$ 132,881.20
Total Government	\$ 124,810,559.44	\$ 1,205,555.48	\$ 33,045,007.24	-	(90,692,877.92)	(90,559,996.72)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, net					38,479,786.00	38,479,786.00
Taxes Levied for Debt Service					1,765,092.00	1,765,092.00
Federal and State Aid Not Restricted					49,710,702.62	49,710,702.62
Federal and State Aid Restricted					1,593,280.25	1,593,280.25
Miscellaneous Income					838,914.48	841,531.70
Total General Revenues					92,387,775.35	92,390,392.57
Change in Net Position					1,694,897.43	135,498.42
Net Position -- July 1					28,128,723.11	893,948.77
Net Position -- June 30					\$ 29,823,620.54	\$ 1,029,447.19
					\$ 29,823,620.54	\$ 30,853,067.73

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

FUND FINANCIAL STATEMENTS

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Governmental Funds
 Balance Sheet
 June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
ASSETS:						
Cash and Cash Equivalents	\$ 22,934,061.76	\$ 111,695.57	\$ 5,640,290.02	\$ 0.33	\$ 7,292.44	\$ 28,693,340.12
Receivables, net:						
Interfunds Receivable:						
Enterprise Fund	282,189.39					282,189.39
Payroll Fund	149,607.17					149,607.17
Unemployment Compensation Trust Fund	83,308.39					83,308.39
General Fund					57.24	57.24
Capital Projects Fund	12,903.05					12,903.05
Student Activity Fund					846.59	846.59
Receivables from Other Governments:						
State of New Jersey	852,318.03	6,166.00				858,484.03
Federal		14,007.32				14,007.32
Other Receivables	265,932.80					265,932.80
Inventory	160,032.78					160,032.78
Total Assets	\$ 24,740,353.37	\$ 131,868.89	\$ 5,640,290.02	\$ 0.33	\$ 8,196.27	\$ 30,520,708.88
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Accounts Payable	\$ 1,723,417.93	\$ 88,842.08				1,812,260.01
Interfunds Payable:						
General Fund			\$ 12,903.05			12,903.05
Permanent Fund	57.24					57.24
Workers Compensation Claims	380,841.00					380,841.00
Payable to State Government		86,075.00				86,075.00
Security Deposit Payable	10,656.00					10,656.00
Unearned Revenue	2,121.81	8,393.77				10,515.58
Total Liabilities	2,117,093.98	183,310.85	12,903.05	-	-	2,313,307.88
Fund Balances:						
Nonspendable Fund Balance:						
Reserve for Supplies Inventory	160,032.78					160,032.78
Permanent					\$ 8,000.00	8,000.00
Restricted:						
Capital Reserve	1,481,443.76					1,481,443.76
Capital Reserve -- Designated for						
Subsequent Year's Expenditures	2,283,942.00					2,283,942.00
Emergency Reserve	438,246.61					438,246.61
Maintenance Reserve	1,754,108.05					1,754,108.05
Excess Surplus	7,703,267.39					7,703,267.39
Excess Surplus -- Designated for						
Subsequent Year's Expenditures	8,666,587.83					8,666,587.83
Capital Projects			5,627,386.97			5,627,386.97
Debt Service				\$ 0.33		0.33
Capital Outlay Legally Restricted	949,808.24					949,808.24
Other Purposes					196.27	196.27
Assigned:						
Subsequent Year's Expenditures	1,174,459.17					1,174,459.17
SEMI Cost Settlement 7/1/13 - 6/30/14 -- Designated for						
Subsequent Year's Expenditures	82,715.47					82,715.47
Unassigned (Deficit)	(2,071,351.91)	(51,441.96)				(2,122,793.87)
Total Fund Balances (Deficit)	22,623,259.39	(51,441.96)	5,627,386.97	0.33	8,196.27	28,207,401.00
Total Liabilities and Fund Balances	\$ 24,740,353.37	\$ 131,868.89	\$ 5,640,290.02	\$ 0.33	\$ 8,196.27	

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$94,200,888.47 and the accumulated depreciation is \$45,252,838.00.	48,948,050.47
Deferred loss on refundings are not financial resources and therefore are not reported in the funds.	372,931.94
Interest on long term debt is accrued on the Statement of Net Position regardless when due.	(185,448.41)
Accounts Payable related to the April 1, 2018 Required PERS pension contribution that is not to be liquidated with current financial resources.	(1,237,239.00)
Deferred Outflows of Resources - Related to Pensions	11,561,658.00
Deferred Inflows of Resources - Related to Pensions	(891,907.00)
Long-term liabilities, including bonds payable and net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(56,951,826.46)
Net Position of Governmental Activities	\$ 29,823,620.54

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
REVENUES:						
Local Tax Levy	\$ 38,479,786.00			\$ 1,765,092.00		\$ 40,244,878.00
Tuition	489,786.86					489,786.86
Miscellaneous	838,898.66				\$ 15.82	838,914.48
Other Local Revenue		\$ 1,106.23				1,106.23
State Sources	58,758,220.56	1,287,586.26	\$ 347,999.05	1,358,941.00		61,752,746.87
Federal Sources	340,481.62	3,714,271.32				4,054,752.94
Total Revenues	98,907,173.70	5,002,963.81	347,999.05	3,124,033.00	15.82	107,382,185.38
EXPENDITURES:						
Regular Instruction	22,154,633.46					22,154,633.46
Special Education Instruction	6,686,430.43	2,330,359.68				9,016,790.11
Other Special Instruction	1,342,823.68					1,342,823.68
Other Instruction	1,330,115.73					1,330,115.73
Tuition	8,663,835.57	1,603,987.00				10,267,822.57
Support Services and Undistributed Costs:						
Student and Instruction Related Services	7,504,803.00	422,204.13				7,927,007.13
School Administrative Services	2,715,143.35					2,715,143.35
Other Administrative Services	2,222,950.92					2,222,950.92
Plant Operations and Maintenance	7,296,619.45					7,296,619.45
Pupil Transportation	5,161,320.66					5,161,320.66
Unallocated Benefits	15,998,580.13	608,950.00				16,607,530.13
Reimbursed TPAF Pension,						
Medical and Social Security	9,387,999.56					9,387,999.56
Transfer to Charter Schools	3,725,444.00					3,725,444.00
Debt Service:						
Principal				3,320,000.00		3,320,000.00
Interest and Other Charges				415,400.00		415,400.00
Capital Outlay	1,171,854.36	41,500.00	1,405,612.08			2,618,966.44
Total Expenditures	95,362,554.30	5,007,000.81	1,405,612.08	3,735,400.00	-	105,510,567.19
Excess (Deficiency) of Revenues over Expenditures	3,544,619.40	(4,037.00)	(1,057,613.03)	(611,367.00)	15.82	1,871,618.19
OTHER FINANCING SOURCES (USES):						
Proceeds from Lease Purchase			6,685,000.00			6,685,000.00
Operating Transfer -- Capital						
Projects Fund to Capital Reserve	240,000.00		(240,000.00)			
Operating Transfer -- Capital						
Projects Fund to Capital Outlay	475,000.00		(475,000.00)			
Operating Transfer -- Capital						
Reserve to Debt Service Fund	(450,000.00)			450,000.00		
Total Other Financing Sources and Uses	265,000.00	-	5,970,000.00	450,000.00	-	6,685,000.00
Net Change in Fund Balances	3,809,619.40	(4,037.00)	4,912,386.97	(161,367.00)	15.82	8,556,618.19
Fund Balance (Deficit) -- July 1	18,813,639.99	(47,404.96)	715,000.00	161,367.33	8,180.45	19,650,782.81
Fund Balance (Deficit) -- June 30	\$ 22,623,259.39	\$ (51,441.96)	\$ 5,627,386.97	\$ 0.33	\$ 8,196.27	\$ 28,207,401.00

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2017

Total Net Change in Fund Balances - Governmental Funds	\$ 8,556,618.19
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation Expense	\$ (3,200,340.14)
Capital Outlays	<u>2,618,966.44</u>
	(581,373.70)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.	3,320,000.00
Proceeds from capital leases is a revenue in the governmental funds, but increases the long-term liabilities in the statement of Net Position and is not reported in the statement of activities.	(6,685,000.00)
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the difference in the treatment of the long-term debt related items.	
Amortization of Loss on Refunding Bonds	(186,465.97)
Amortization of Bond Premiums	200,482.51
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is a reduction in the reconciliation. (-)	(82,752.30)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).	(171,694.30)
In the statement of activities, post employment benefits other than pension are accrued regardless of when due. This accrued liability is not recorded in the governmental funds. The increase in accrued liability is a reduction in the reconciliation. (-)	(369,817.00)
Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which the School District's pension contributions exceeded pension benefits earned in the current period.	<u>(2,305,100.00)</u>
Change in Net Position of Governmental Activities	<u>\$ 1,694,897.43</u>

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Proprietary Fund
 Business Type Activities - Enterprise Fund
 Statement of Net Position
 June 30, 2017

	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 884,883.70
Accounts Receivable:	
State	1,266.63
Federal	106,056.83
Other	4,143.98
Inventories	<u>45,914.43</u>
Total Current Assets	<u>1,042,265.57</u>
Noncurrent Assets:	
Capital Assets:	
Equipment	1,693,976.33
Less Accumulated Depreciation	<u>(1,339,671.59)</u>
Total Noncurrent Assets	<u>354,304.74</u>
Total Assets	<u>1,396,570.31</u>
LIABILITIES:	
Current Liabilities:	
Interfund Accounts Payable:	
Due General Fund	282,189.39
Accounts Payable	16,772.33
Unearned Revenue	24,792.96
Compensated Absences Payable	<u>8,673.69</u>
Total Current Liabilities	<u>332,428.37</u>
Noncurrent Liabilities:	
Compensated Absences Payable	<u>34,694.75</u>
Total Liabilities	<u>367,123.12</u>
NET POSITION:	
Net Investment in Capital Assets	354,304.74
Unrestricted	<u>675,142.45</u>
Total Net Position	<u>\$ 1,029,447.19</u>

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Proprietary Fund
Business Type Activities - Enterprise Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2017

	<u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs:	
School Lunch Program	\$ 381,332.80
School Breakfast Program	28,785.11
Special Milk Program	3,638.40
Daily Sales - Non-Reimbursable Programs	269,904.07
Miscellaneous	15,134.49
Special Functions	<u>16,973.75</u>
Total Operating Revenues	<u>715,768.62</u>
OPERATING EXPENSES:	
Salaries	828,229.14
Employee Benefits	572,083.11
General Supplies	94,984.80
Other Purchased Services	44,780.43
Depreciation	49,017.66
Utilities	114,689.93
Cost of Sales - Reimbursable Programs	1,147,104.27
Cost of Sales - Non-Reimbursable Programs	123,466.93
Miscellaneous	<u>705.22</u>
Total Operating Expenses	<u>2,975,061.49</u>
Operating Income / (Loss)	<u>(2,259,292.87)</u>
NONOPERATING REVENUES (EXPENSES):	
State Sources:	
State School Lunch Program	32,893.52
Federal Sources:	
National School Lunch Program	1,554,873.98
National School Breakfast Program	565,153.64
Special Milk Program	3,566.27
Food Distribution Program	183,829.59
Fresh Fruit and Vegetable Program	51,857.07
Interest Revenue	<u>2,617.22</u>
Total Nonoperating Revenues (Expenses)	<u>2,394,791.29</u>
Change in Net Position	135,498.42
Net Position -- July 1	<u>893,948.77</u>
Net Position -- June 30	<u><u>\$ 1,029,447.19</u></u>

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Proprietary Fund
Business Type Activities - Enterprise Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 731,104.30
Payments to Employees	(827,242.53)
Payments for Employee Benefits	(572,083.11)
Payments for Supplies and Services	<u>(1,545,628.62)</u>
Net Cash Provided by (used for) Operating Activities	<u>(2,213,849.96)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
State Sources	37,119.90
Federal Sources	2,625,863.93
Operating Subsidies and Transfers	<u>(298,254.63)</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>2,364,729.20</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of Capital Assets	<u>(17,615.00)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Revenue	<u>2,617.22</u>
Net Increase (Decrease) in Cash and Cash Equivalents	135,881.46
Cash and Cash Equivalents -- July 1	<u>749,002.24</u>
Cash and Equivalents -- June 30	<u><u>\$ 884,883.70</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (2,259,292.87)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:	
Depreciation	49,017.66
(Increase) Decrease in Inventories	(3,371.92)
Increase (Decrease) in Accounts Payable	(18,525.12)
Increase (Decrease) in Unearned Revenue	6,258.60
Increase (Decrease) in Accrued Salary Benefits	986.61
(Increase) Decrease in Accounts Receivable	<u>11,077.08</u>
Total Adjustments	<u>45,442.91</u>
Net Cash Provided by (used for) Operating Activities	<u><u>\$ (2,213,849.96)</u></u>

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2017

	Private Purpose Trust Funds		Agency Funds		
	Scholarship Trust	Unemployment Compensation Trust	Student Activity	Payroll	Total
ASSETS:					
Cash and Cash Equivalents	\$ 30,898.05	\$ 352,998.91	\$ 209,680.55	\$ 317,230.78	\$ 910,808.29
Interfund Receivable:					
Due Agency Fund -- Payroll		99,465.32			99,465.32
Total Assets	<u>30,898.05</u>	<u>452,464.23</u>	<u>\$ 209,680.55</u>	<u>\$ 317,230.78</u>	<u>1,010,273.61</u>
LIABILITIES:					
Accounts Payable		7,819.67			7,819.67
Interfund Accounts Payable:					
Due Unemployment Fund				\$ 99,465.32	99,465.32
Due Permanent Fund			\$ 846.59		846.59
Due General Fund	970.00	82,338.39		149,607.17	232,915.56
Payable to Student Groups			208,833.96		208,833.96
Payroll Deductions and Withholdings				68,158.29	68,158.29
Total Liabilities	<u>970.00</u>	<u>90,158.06</u>	<u>\$ 209,680.55</u>	<u>\$ 317,230.78</u>	<u>618,039.39</u>
NET POSITION:					
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 29,928.05</u>	<u>\$ 362,306.17</u>			<u>\$ 392,234.22</u>

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2017

	Private Purpose Trust Funds		
	Scholarship Trust	Unemployment Compensation Trust	Total
ADDITIONS:			
Contributions and Donations from			
Payroll Deductions Withheld		\$ 76,787.21	\$ 76,787.21
Scholarship Donations	\$ 14,065.15		14,065.15
Investment Earnings:			
Interest	83.98	1,015.83	1,099.81
Total Additions	14,149.13	77,803.04	91,952.17
DEDUCTIONS:			
Scholarship Awards	9,071.45		9,071.45
Unemployment Claims		105,090.78	105,090.78
Total Deductions	9,071.45	105,090.78	114,162.23
Change in Net Position	5,077.68	(27,287.74)	(22,210.06)
Net Position -- July 1	24,850.37	389,593.91	414,444.28
Net Position -- June 30	\$ 29,928.05	\$ 362,306.17	\$ 392,234.22

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Pennsauken School District (the "School District") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Description of the Financial Reporting Entity

The School District is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades Pre-K through 12 at its eleven schools. The School District has an approximate enrollment at June 30, 2017 of 5,022.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School District over which the Board exercises operating control.

Component Units

In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Component Units (Cont'd)**

Based upon the application of these criteria, the School District has no component units.

Government-wide and Fund Financial Statements

The School District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the School District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes are recognized as revenues in the year for which they are levied. The Camden County Board of Taxation is responsible for the assessment of properties, and the respective municipal tax collector is responsible for the collection of property taxes. Assessments are certified and property taxes are levied on January 1. Property tax payments are due February 1, May 1, August 1 and November 1. Unpaid property taxes are considered delinquent the following January 1 and are then subject to municipal lien. In accordance with New Jersey State Statute, the School District is entitled to receive moneys under an established payment schedule, and any unpaid amount is considered as an accounts receivable. The governing body of each municipality is required to pay over to the School District, within forty (40) days after the beginning of the school year, twenty percent (20%) of the moneys from school tax due. Thereafter, but prior to the last day of the school year, the municipality must pay the balance of moneys from school tax due for school purposes in such amounts as requested, with certain limitations, from time to time by the School District, within thirty days after each request.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, tuition, reimbursable-type grants, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the School District.

The School District reports the following major governmental funds:

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

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America, as they pertain to 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, ad valorem tax revenues, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

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

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

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

Permanent Fund - The permanent fund is used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the School District's programs, that is, for the benefit of the School District or its students as a whole. The School District maintains a permanent fund for the purpose of scholarships.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

Proprietary funds are used to account for the School District's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All items not meeting this definition are reported as nonoperating revenues and expenses.

The School District reports the following major proprietary fund:

Enterprise Funds

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

Fiduciary funds are used to account for assets held by the School District on behalf of outside related organizations or on behalf of other funds within the School District. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The School District maintains the following fiduciary funds:

Agency Funds - Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). The School District retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District maintains the following agency funds: student activity fund and payroll fund.

Private-Purpose Trust Funds - Private-purpose trust funds are used to account for the principal and income for all other trust arrangements that benefit individuals, private organizations, or other governments. The School District maintains the following private-purpose trust funds:

Scholarship Fund - Revenues consist of donations and interest income. Expenditures represent scholarships for future teachers, which are awarded in accordance with the trust requirements.

New Jersey Unemployment Compensation Insurance Trust Fund - Revenues consist of contributions that have been included in the annual budget of the School District, employee payroll withholdings, and interest income. Expenditures represent claims incurred for unemployment.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Budgets / Budgetary Control**

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds, and are submitted to the county office of education. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012, to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2(f)1. Transfers of appropriations may be made by school board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

Formal budgetary integration into the accounting system is employed as a management control device during the 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 one or more June state aid payments for budgetary purposes only, and the special revenue fund. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid 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. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

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

Encumbrances

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Encumbrances (Cont'd)**

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected on the balance sheet as unearned revenues at fiscal year-end.

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

Cash, Cash Equivalents and Investments

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

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

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

Inventories

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in the governmental fund financial statements, government-wide financial statements and in the proprietary fund types is recorded as expenditures when consumed rather than when purchased.

Tuition Receivable

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Prepaid Expenses**

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2017. The School District had no prepaid expenses for the fiscal year ended June 30, 2017.

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

Short-Term Interfund Receivables / Payables

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the School District, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances, thus leaving a net amount due between the governmental and business-type activities that are eliminated in the total government column. Balances with fiduciary activities are not considered to be internal balances; therefore, such balances appear on the statement of net position as accounts receivable.

Capital Assets

Capital assets represent the cumulative amount of capital assets owned by the School District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and proprietary fund statement of net position. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.

The School District's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	10 to 20 Years	N/A
Buildings and Improvements	10 to 50 Years	N/A
Equipment	5 to 20 Years	5 to 12 Years

The School District does not possess any infrastructure assets.

Deferred Outflows and Deferred Inflows of Resources

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Deferred Outflows and Deferred Inflows of Resources (Cont'd)**

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The School District is required to report the following as deferred outflows of resources and deferred inflows of resources:

Defined Benefit Pension Plans - The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the School District's proportion of expenses and liabilities to the pension as a whole, differences between the School District's pension contribution and its proportionate share of contributions, and the School District's pension contributions subsequent to the pension valuation measurement date.

In addition, the School District reports the following as deferred outflows of resources:

Loss on Refunding of Debt - The loss on refunding arose from the issuance of refunding bonds, which is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense.

Tuition Payable

Tuition charges for the fiscal years ended June 30, 2017 and 2016 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the School District is eligible to realize the revenue.

Accrued Salaries and Wages

Certain School District employees who provide services to the School District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2017, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

Compensated Absences

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

The School District uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The portion related to employees in the proprietary funds is recorded at the fund level. The current portion is the amount estimated to be used in the following fiscal year. Expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Accrued Liabilities and Long-Term Obligations**

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

Pensions

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

Bond Discounts / Premiums

Bond discounts / premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in systematic and rational method, as a component of interest expense. Bond discounts / premiums are presented as an adjustment of the face amount of the bonds on the government-wide statement of net position and on the proprietary fund statement of net position.

Net Position

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

Net Investment in Capital Assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**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:

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

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

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

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

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

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

Interfund Activity

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Accounting Estimates**

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

Impact of Recently Issued Accounting Principles**Recently Issued and Adopted Accounting Pronouncements**

The School District implemented the following GASB Statements for the fiscal year ended June 30, 2017:

Statement No. 77, *Tax Abatement Disclosures*. This Statement provides financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs in order to better assess (a) whether current-year revenues were sufficient to pay for current-year services, (b) compliance with finance-related legal or contractual requirements, (c) where a government's financial resources come from and how it uses them, and (d) financial position and economic condition and how they have changed over time. The adoption of this Statement required the School District to disclose certain information related to tax abatement programs (see note 22).

Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The adoption of this Statement had no impact on the basic financial statements of the School District.

Statement No. 82, *Pension Issues and amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The adoption of this Statement did not have a significant impact on the basic financial statements of the School District.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements that will become effective for the School District for the fiscal year ending June 30, 2018:

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. Management has determined that this Statement will have an impact on the basic financial statements of the School District.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of June 30, 2017, the School District's bank balances of \$30,967,467.44 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 30,394,024.09
Uninsured and uncollateralized	<u>573,443.35</u>
	<u>\$ 30,967,467.44</u>

New Jersey Cash Management Fund - During the fiscal year, the School District participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2017, the School District's deposits with the New Jersey Cash Management Fund were \$471,396.42.

Note 3: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District by inclusion of \$1,000.00 on September 28, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Note 3: CAPITAL RESERVE ACCOUNT (CONT'D)

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016		\$ 2,532,756.97
Increased by:		
Interest Earnings	\$ 2,989.44	
Local Portion of Capital Outlay Canceled	1,169,639.35	
Budgeted Increase in Capital Reserve	450,000.00	
Transfer from Capital Projects Fund	240,000.00	
Transfer per June 20, 2017 Resolution	1,500,000.00	
		<u>3,362,628.79</u>
		5,895,385.76
Decreased by:		
Budgeted Transfer to Capital Projects Fund	1,680,000.00	
Budgeted Transfer to Debt Service Fund	450,000.00	
		<u>2,130,000.00</u>
Ending Balance, June 30, 2017		<u>\$ 3,765,385.76</u>

The June 30, 2017 LRFP balance of local support costs of uncompleted projects at June 30, 2017 is \$32,682,220.00. The withdrawals from the capital reserve were for use in a Department of Education approved facilities projects, consistent with the School District's LRFP.

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017 consisted of accounts (fees for services), intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

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

<u>Description</u>	<u>Governmental Funds</u>			<u>Proprietary Fund</u>	
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>	<u>Food Service Fund</u>	<u>Total</u>
Federal Awards		\$ 14,007.32	\$ 14,007.32	\$ 106,056.83	\$ 120,064.15
State Awards	\$ 852,318.03	6,166.00	858,484.03	1,266.63	859,750.66
Tuition Charges	265,932.80		265,932.80		265,932.80
Other				4,143.98	4,143.98
	<u>\$ 1,118,250.83</u>	<u>\$ 20,173.32</u>	<u>\$ 1,138,424.15</u>	<u>\$ 111,467.44</u>	<u>\$ 1,249,891.59</u>

Note 5: INVENTORY

Inventory recorded at June 30, 2017 in governmental activities on the government-wide statement of net position, and on the general fund balance sheet, consisted of the following:

Supplies	<u>\$ 160,032.78</u>
----------	----------------------

Inventory recorded at June 30, 2017 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	\$ 12,372.34
Commodities	6,765.41
Supplies	<u>26,776.68</u>
	<u>\$ 45,914.43</u>

Note 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017 is as follows:

	Balance July 1, 2016	Additions	Retirements and Transfers	Balance June 30, 2017
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 246,218.00			\$ 246,218.00
Construction in Progress	3,175,363.98	\$ 1,891,462.49		5,066,826.47
Total Capital Assets, not being Depreciated	<u>3,421,581.98</u>	<u>1,891,462.49</u>	<u>-</u>	<u>5,313,044.47</u>
Capital Assets, being Depreciated:				
Land Improvements	3,608,449.71			3,608,449.71
Buildings and Improvements	75,292,646.34	116,319.00	\$ (66,285.00)	75,342,680.34
Equipment	9,873,086.19	611,184.95	(547,557.19)	9,936,713.95
Total Capital Assets, being Depreciated	<u>88,774,182.24</u>	<u>727,503.95</u>	<u>(613,842.19)</u>	<u>88,887,844.00</u>
Total Capital Assets, Cost	<u>92,195,764.22</u>	<u>2,618,966.44</u>	<u>(613,842.19)</u>	<u>94,200,888.47</u>
Less Accumulated Depreciation for:				
Land Improvements	(1,841,144.00)	(62,703.00)		(1,903,847.00)
Buildings and Improvements	(33,522,311.90)	(2,308,402.00)	66,285.00	(35,764,428.90)
Equipment	(7,302,884.15)	(829,235.14)	547,557.19	(7,584,562.10)
Total Accumulated Depreciation	<u>(42,666,340.05)</u>	<u>(3,200,340.14)</u>	<u>613,842.19</u>	<u>(45,252,838.00)</u>
Total Capital Assets, being Depreciated, Net	<u>46,107,842.19</u>	<u>(2,472,836.19)</u>	<u>-</u>	<u>43,635,006.00</u>
Governmental Activities Capital Assets, Net	<u>\$ 49,529,424.17</u>	<u>\$ (581,373.70)</u>	<u>-</u>	<u>\$ 48,948,050.47</u>

Note 6: CAPITAL ASSETS (CONT'D)

Capital asset activity for the fiscal year ended June 30, 2017 is as follows (Cont'd):

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2017</u>
Business-Type Activities:				
Equipment	\$1,676,361.33	\$ 17,615.00		\$ 1,693,976.33
Less: Accumulated Depreciation	(1,290,653.93)	(49,017.66)		(1,339,671.59)
Business-Type Activities Capital Assets, Net	<u>\$ 385,707.40</u>	<u>\$ (31,402.66)</u>	<u>-</u>	<u>\$ 354,304.74</u>

Depreciation expense was charged to functions / programs of the School District as follows:

Governmental Activities:

Regular Instruction	\$ 495,014.14
Special Education Instruction	509,012.17
Transportation	276,165.99
General Administration	251,229.50
School Administration	23,810.00
Operations and Maintenance	1,374,483.34
Student and Instruction Related Services	<u>270,625.00</u>

Total Depreciation Expense - Governmental Activities \$ 3,200,340.14

Business-Type Activities:

Food Service	<u>\$ 49,017.66</u>
--------------	---------------------

Note 7: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2017, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Due within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 10,385,000.00		\$ (3,320,000.00)	\$ 7,065,000.00	\$ 3,500,000.00
Unamortized Costs:					
Premium on Bonds	601,447.53		(200,482.51)	400,965.02	
Net Pension Liability	29,599,474.00	\$ 15,425,883.00	(5,948,917.00)	39,076,440.00	
Obligations under Capital Lease		6,685,000.00		6,685,000.00	300,000.00
Other Post Employment Benefits	961,544.00	415,467.64	(45,650.64)	1,331,361.00	
Compensated Absences	<u>2,221,366.14</u>	<u>615,967.53</u>	<u>(444,273.23)</u>	<u>2,393,060.44</u>	<u>478,612.09</u>
Governmental Activity Long-Term Liabilities	<u>\$ 43,768,831.67</u>	<u>\$ 23,142,318.17</u>	<u>\$ (9,959,323.38)</u>	<u>\$ 56,951,826.46</u>	<u>\$ 4,278,612.09</u>

The bonds payable is generally liquidated by the debt service fund, while the capital lease payable, compensated absences, net pension liability, and postemployment benefits are liquidated by the general fund.

Note 7: LONG-TERM LIABILITIES (CONT'D)

During the fiscal year ended June 30, 2017, the following changes occurred in long-term obligations for business-type activities:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Due within One Year</u>
Business-Type Activities:					
Compensated Absences	\$ 42,381.83	\$ 9,462.98	\$ (8,476.37)	\$ 43,368.44	\$ 8,673.69

Compensated absences are liquidated by the food service enterprise fund.

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

On December 10, 2014, the School District issued \$13,555,000.00 of Refunding School Bonds to provide funding to refund the callable portion of the outstanding 2005 Bond Issue. The Refunding Bonds were issued at interest rates varying from 3.00% to 4.00%. The final maturity of these bonds is April 1, 2019.

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,500,000.00	\$ 282,600.00	\$ 3,782,600.00
2019	3,565,000.00	142,600.00	3,707,600.00
	<u>\$ 7,065,000.00</u>	<u>\$ 425,200.00</u>	<u>\$ 7,490,200.00</u>

Bonds Authorized but not Issued - As of June 30, 2017, the School District had no authorizations to issue additional bonded debt.

Obligations under Capital Lease - The School District is leasing equipment and building improvements related to the district's Energy Savings Improvement Program totaling \$6,685,000.00 under capital lease. The capital lease is for a term of fifteen years. Capital leases are depreciated in a manner consistent with the School District's depreciation policy for owned assets.

The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at June 30, 2017.

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 300,000.00	\$ 197,543.62	\$ 497,543.62
2019	350,000.00	135,900.05	485,900.05
2020	375,000.00	128,239.15	503,239.15
2021	390,000.00	120,038.75	510,038.75
2022	420,000.00	111,460.70	531,460.70
2023-2027	2,145,000.00	423,885.15	2,568,885.15
2028-2032	2,705,000.00	160,177.55	2,865,177.55
	<u>\$ 6,685,000.00</u>	<u>\$ 1,277,244.97</u>	<u>\$ 7,962,244.97</u>

Note 7: LONG-TERM LIABILITIES (CONT'D)

Compensated Absences - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 15 for a description of the School District's policy.

Net Pension Liability - For details on the net pension liability, refer to note 9. The School District's annual required contribution to the Public Employees' Retirement System is budgeted and paid from the general fund on an annual basis.

Note 8: OPERATING LEASES

At June 30, 2017, the School District had operating lease agreements in effect for copy machines, telecommunications equipment and mail machines. The present value of the future minimum rental payments under the operating lease agreements are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2018	\$ 54,205.42
2019	13,792.08
2020	875.04
	<u>\$ 68,872.54</u>

Rental payments under operating leases for the fiscal year ended June 30, 2017 were \$168,385.94.

Note 9: PENSION PLANS

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), which are administered by the New Jersey Division of Pensions and Benefits (the "Division"). In addition, several School District employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This plan is administered by Prudential Financial for the Division. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<http://www.nj.gov/treasury/pensions>

General Information about the Pension Plans**Plan Descriptions**

Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The State of New Jersey (the "State") is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF's designated purpose is to provide retirement benefits, death, disability and medical benefits to certain qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Plan Descriptions (Cont'd)**

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Vesting and Benefit Provisions

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

The following represents the membership tiers for TPAF:

Tier Definition

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier.

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Teachers' Pension and Annuity Fund (Cont'd) - Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The membership tiers for PERS are the same as previously noted for TPAF.

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

Note 9: PENSION PLANS (CONT'D)**General Information About the Pension Plans (Cont'd)****Contributions (Cont'd)**

Teachers' Pension and Annuity Fund (Cont'd) - The School District's contractually required contribution rate for the fiscal year ended June 30, 2017 was 7.67% of the School District's covered payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2017 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2016, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2017 was \$2,681,280.00, and was paid by April 1, 2017. School District employee contributions to the pension plan during the fiscal year ended June 30, 2017 were \$2,551,575.36.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over seven years beginning in July 2012. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The School District's contribution amounts are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2017 was 13.71% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2016, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2017 was \$1,172,124.00, and was paid by April 1, 2017. School District employee contributions to the pension plan during the fiscal year ended June 30, 2017 were \$663,354.65.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. 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. In addition to the employee contributions, the School District contributes 3% of the employees' base salary, 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.

For the fiscal year ended June 30, 2017, employee contributions totaled \$18,426.77, and the School District recognized pension expense, which equaled the required contributions, of \$10,501.15. There were no forfeitures during the fiscal year.

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

Teachers' Pension and Annuity Fund - At June 30, 2017, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

The State's proportionate share of net pension liability, attributable to the School District is as follows:

School District's Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	<u>264,850,367.00</u>
	<u>\$264,850,367.00</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. For the June 30, 2016 measurement date, the School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2016, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2016 measurement date, the State's proportionate share of the TPAF net pension liability associated with the School District was 0.3366754775%, which was a decrease of 0.0160716352% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the School District recognized \$19,899,820.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2016 measurement date.

Public Employees' Retirement System - At June 30, 2017, the School District reported a liability of \$39,076,440.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2016 measurement date, the School District's proportion was 0.1319386363%, which was an increase of 0.0000806552% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the School District recognized pension expense of \$3,477,605.00, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date.

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Public Employees' Retirement System (Cont'd) - At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 726,703.00	\$ -
Changes of Assumptions	8,094,551.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,490,020.00	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	13,145.00	891,907.00
School District Contributions Subsequent to the Measurement Date	1,237,239.00	-
	<u>\$11,561,658.00</u>	<u>\$ 891,907.00</u>

\$1,237,239.00, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2018	\$ 2,067,936.00
2019	2,067,936.00
2020	2,435,970.00
2021	2,139,852.00
2022	720,818.00
	<u>\$ 9,432,512.00</u>

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Public Employees' Retirement System (Cont'd) - The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57

Note 9: PENSION PLANS (CONT'D)**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation	2.50%	3.08%
Salary Increases:		
2012-2021	Varies Based on Experience	
Through 2026		1.65% - 4.15% Based on Age
Thereafter	Varies Based on Experience	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%	7.65%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2012 - June 30, 2015	July 1, 2011 - June 30, 2014

For TPAF, pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

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

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2016 are summarized in the following tables:

Note 9: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

TPAF			PERS		
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%	Cash	5.00%	0.87%
U.S. Government Bonds	1.50%	1.28%	U.S. Treasuries	1.50%	1.74%
U.S. Credit Bonds	13.00%	2.76%	Investment Grade Credit	8.00%	1.79%
U.S. Mortgages	2.00%	2.38%	Mortgages	2.00%	1.67%
U.S. Inflation-Indexed Bonds	1.50%	1.41%	High Yield Bonds	2.00%	4.56%
U.S. High Yield Bonds	2.00%	4.70%	Inflation-Indexed Bonds	1.50%	3.44%
U.S. Equity Market	26.00%	5.14%	Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	5.91%	Developed Foreign Equities	13.25%	6.83%
Emerging Markets Equity	6.50%	8.16%	Emerging Market Equities	6.50%	9.95%
Private Real Estate Property	5.25%	3.64%	Private Equity	9.00%	12.40%
Timber	1.00%	3.86%	Hedge Funds / Absolute Return	12.50%	4.68%
Farmland	1.00%	4.39%	Real Estate (Property)	2.00%	6.91%
Private Equity	9.00%	8.97%	Commodities	0.50%	5.45%
Commodities	0.50%	2.87%	Global Debt ex U.S.	5.00%	-0.25%
Hedge Funds - MultiStrategy	5.00%	3.70%	REIT	5.25%	5.63%
Hedge Funds - Equity Hedge	3.75%	4.72%			
Hedge Funds - Distressed	3.75%	3.49%			
	<u>100.00%</u>			<u>100.00%</u>	

Discount Rate - The discount rates used to measure the total pension liability at June 30, 2016 were 3.22% and 3.98% for TPAF and PERS, respectively. For TPAF and PERS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029 for TPAF and 2034 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029 for TPAF and 2034 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 9: PENSION PLANS (CONT'D)**Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

Teachers' Pension and Annuity Fund (TPAF) - As previously mentioned, TPAF, has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2016, the pension plans measurement date, attributable to the School District is \$0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 3.22%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	TPAF		
	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	316,290,526.00	264,850,367.00	222,842,839.00
	<u>\$316,290,526.00</u>	<u>\$264,850,367.00</u>	<u>\$222,842,839.00</u>

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2016, the plans measurement date, calculated using a discount rate of 3.98%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
School District's Proportionate Share of the Net Pension Liability	\$ 47,883,616.00	\$ 39,076,440.00	\$ 31,805,352.00

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the TPAF and PERS and additions to/deductions from TPAF and PERS's respective fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about TPAF and PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions.

Note 10: SCHOOL EMPLOYEES HEALTH BENEFITS PROGRAM

P.L. 1987, c.384 of P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving postemployment medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

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

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

<http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description - The School District provides dental insurance benefits for retired employees, where such benefits are established and amended by the School District's Board of Education. The School District's plan, which is a single-employer post-employment healthcare plan, provides dental coverage for retired employees with twenty-five years of service. The Plan is administered by the School District; therefore, premium payments are made directly by the School District to the insurance carriers.

Funding Policy - Employees become eligible for retirement benefits based on hire date and years of service. There are no contribution requirements for the plan members. The School District established the requirements and they may be amended by the School District's Board of Education.

Retirees - The School District presently funds its current retiree postemployment benefit costs on a "pay-as-you-go" basis and as shown above, receives monthly contributions from retirees to offset a portion of the cost. The School District's contributions to the plan for the fiscal years ended June 30, 2017, 2016, and 2015 were \$45,650.64, \$56,946.60, and \$35,841.00, respectively.

Future Retirees - In accordance with Statement No. 45 of the Governmental Accounting Standards Board, the School District is required to expense the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The ARC includes the costs of both current and future retirees. The current ARC was determined to be \$157,810.00 at an unfunded discount rate of 5%. As stated above, the School District has funded the cost of existing retirees in the amount of \$45,650.64, and has accrued the benefit costs for future eligible employees, but has not yet begun funding this outstanding liability.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Annual OPEB Cost - For fiscal year 2017, the School District's annual OPEB cost (expense) of \$415,467.64 for the plan was equal to the ARC plus certain adjustments because the School District's actual contributions in prior years differed from the ARC.

The School District's annual required contribution (ARC), the interest on the net OPEB obligation, the adjustment to the ARC, the increase or decrease in the net OPEB obligation, the net OPEB obligation, and the percentage of annual OPEB cost contributed to the plan for fiscal years 2017, 2016, and 2015 are as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Required Contribution (ARC)	\$ 157,810.00	\$ 119,310.00	\$ 119,310.00
Interest on the Net OPEB Obligation	48,077.00	48,077.00	66,844.00
Adjustment to the ARC	209,580.64	(110,440.40)	(525,647.00)
Annual OPEB Cost	415,467.64	56,946.60	(339,493.00)
Pay-as-You Go Cost (Existing Retirees)	(45,650.64)	(56,946.60)	(35,841.00)
Increase (Decrease) in the Net OPEB Obligation	369,817.00	-	(375,334.00)
Net OPEB Obligation, July 1	961,544.00	961,544.00	1,336,878.00
Net OPEB Obligation, June 30	<u>\$ 1,331,361.00</u>	<u>\$ 961,544.00</u>	<u>\$ 961,544.00</u>
Percentage of Annual OPEB Cost Contributed	11.0%	100.0%	-10.6%

Funded Status and Funding Progress - The funded status of the plan as of the three last actuarial valuation dates is as follows:

<u>Funded Status and Funding Progress</u>	<u>2017</u>	<u>2015</u>	<u>2013</u>
Actuarial Accrued Liability (AAL)	\$ 1,331,361.00	\$ 961,544.00	\$ 1,336,878.00
Actuarial Value of Plan Assets	-	-	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 1,331,361.00</u>	<u>\$ 961,544.00</u>	<u>\$ 1,336,878.00</u>
Funded Ratio (Actuarial Value of Plan Assets / AAL)	0.0%	0.0%	0.0%
Covered Payroll (Active Plan Members)	N/A	N/A	N/A
UAAL as a Percentage of Covered Payroll	N/A	N/A	N/A

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Actuarial Methods and Assumptions - The projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2017 actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits which is allocated to service in the current plan year for each active participant under the assumed retirement age. The UAAL is being amortized (straight-line) for thirty (30) years on an open basis. The actuarial assumptions included the following:

- *Mortality.* 1994 Sex Distinct Group Annuity Mortality Table.
- *Turnover.* Federal Employees Retirement System Withdrawal Rate.
- *Assumed Retirement Age.* When eligible but no earlier than age 55.
- *Annual Discount Rate.* Future costs have been discounted at the rate of 5% compounded annually for GASB 45 purposes.
- *Medical Trend.* 5% per annum.

Note 12: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2017, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$3,620,433.00, \$131,177.00, \$3,125,944.00, and \$5,086.00, respectively.

Note 13: RISK MANAGEMENT

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

New Jersey Unemployment Compensation Insurance - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The School District is billed quarterly for amounts due to the State.

The following is a summary of the activity of the School District's private-purpose trust fund for the unemployment claims for the current and previous two fiscal years:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>School</u> <u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Interest</u> <u>Income</u>	<u>Claims</u> <u>Incurred</u>	<u>Ending</u> <u>Balance</u>
2017	-	\$ 76,787.21	\$ 1,015.83	\$ 105,090.78	\$ 362,306.17
2016	-	75,373.00	386.86	118,071.08	389,593.91
2015	-	77,622.27	464.22	98,378.60	431,905.13

Note 13: RISK MANAGEMENT (CONT'D)

Self-Insurance Plan – As of July 1, 2013, the school district was no longer self-insured for new worker's compensation claims. The workers' compensation insurance claims liability reported as of June 30, 2017 remains for claims incurred while the district was self-insured but have not been closed.

The workers' compensation insurance claims liability (incurred) is based on an analysis prepared by management, which is based on historical trends. The remaining claims liability (incurred) is based on an evaluation performed by the third-party administrator of the plan. The liability consists of an estimate for claims incurred but not reported of \$380,841.00.

The following is a summary of the claims liability of the School District's private-purpose trust fund for self-insured workers' compensation for the current and previous fiscal years:

	<u>Fiscal</u> <u>Year 2017</u>	<u>Fiscal</u> <u>Year 2016</u>
Claims Liability Balance, July 1	\$ 370,940.25	\$ 315,588.85
Incurred Claims	168,624.43	58,682.20
Payment of Claims	<u>(158,723.68)</u>	<u>(3,330.80)</u>
Claims Liability Balance, June 30	<u>\$ 380,841.00</u>	<u>\$ 370,940.25</u>

There have been no settlements that exceed the School District's coverage for fiscal years ended June 30, 2017, 2016, and 2015.

Joint Insurance Pool - The School District is a member of the New Jersey Schools Insurance Group. The Pool provides its members with the following coverage:

- Property
- Comprehensive General Liability
- Commercial Inland Marine
- Boiler and Machinery
- Crime
- Automobile
- Environmental Impairment Liability

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report. The Fund provides the School District with the following coverage:

- Property
- Comprehensive General Liability
- Commercial Inland Marine
- Boiler and Machinery
- Crime
- Automobile
- Environmental Impairment Liability
- Workers' Compensation
- Educators Legal Liability
- Cyber Liability
- Violent Malicious Acts

Note 13: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool (Cont'd) - Contributions to the Pool, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Pool's actuary. The School District's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund for claims in excess of \$50,000.00 to \$200,000.00 based on the line of coverage for each insured event.

The Fund publishes its own financial report for the fiscal year ended June 30, 2017, which can be obtained from:

New Jersey Schools Insurance Group
450 Veterans Drive
Burlington, New Jersey 08016

Note 14: DEFERRED COMPENSATION

The School District offers its employees a choice of five deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. 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:

Ameriprise Financial
AXA Equitable
Lincoln Investment Planning
Siracusa
Valic Investments

Note 15: COMPENSATED ABSENCES

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

School District employees participate in one of six collective bargaining units with varying provisions for accumulation of unused sick leave. Payment for unused sick leave does not occur until retirement from the District or in some cases upon death of the employee. The accounting and the accumulated days is maintained by the District.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2017, the liability for compensated absences reported on the government-wide statement of net position and on the proprietary fund statement of net position was \$2,393,060.44 and \$43,368.44, respectively.

Note 16: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2017 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 528,008.00	\$ 57.24
Capital Projects		12,903.05
Permanent	903.83	
Proprietary		282,189.39
Fiduciary	99,465.32	333,227.47
	<u>\$ 628,377.15</u>	<u>\$ 628,377.15</u>

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

Interfund Transfers:

<u>Transfer Out:</u>	<u>Transfer In:</u>	
	<u>General Fund</u>	<u>Debt Service Fund</u>
General		\$ 450,000.00
Capital Projects	\$ 715,000.00	
Total Transfers	<u>\$ 715,000.00</u>	<u>\$ 450,000.00</u>

The \$450,000.00 transfer from general fund to the debt service fund is the budgeted transfer of funds in support of the debt service fund budget. The \$715,000.00 transfer from capital projects fund to the general fund is the unexpended locally funded portion of completed capital projects.

Note 17: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amount, if any, to be immaterial.

Litigation - The School District is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the School District, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 18: CONCENTRATIONS

The School District depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Jersey. As a result of this dependency, the School District is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

Note 19: COMMITMENTS

The School District had multiple construction projects ongoing as of the fiscal year ended June 30, 2017 that are to continue into the subsequent fiscal year(s). These projects, which are related to the capital projects fund, are as follows:

<u>Contract</u>	<u>Commitment Date</u>	<u>Amount Outstanding</u>
Jottan, Inc.:		
High School Roof Replacement	1/22/2015	\$ 79,152.62
Schneider Electric Buildings Americas, Inc.:		
Energy Savings Improvement Program	7/14/2016	<u>5,236,170.92</u>
Total Commitments		<u><u>\$5,315,323.54</u></u>

Note 20: DEFICIT FUND BALANCES

The School District has a deficit fund balance of \$2,071,351.91 in the general fund and \$51,441.96 in the special revenue fund as of June 30, 2017 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The statute 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 the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general and special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$2,071,351.91 is less than the June state aid payments.

Note 21: FUND BALANCES**NONSPENDABLE**

As stated in note 1, the nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The nonspendable fund balances of the School District, as of June 30, 2017, are summarized as follows:

General Fund - The School District records inventory utilizing the consumption method of accounting. As a result, because inventory is recorded as an asset, even though it does not represent expendable financial resources, it is necessary to set aside fund balance at fiscal year-end by an amount equal to the carrying value of the inventory. As of June 30, 2017, the nonspendable fund balance was \$160,032.78.

Permanent Fund - The School District was the beneficiary of a distribution from an estate. In accordance with the terms of the distribution, the principal is to be invested upon good security, and the income only, derived there from, is to be used solely for student scholarships. As of June 30, 2017, the nonspendable fund balance amount was \$8,000.00.

RESTRICTED

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

General Fund

For Legally Restricted Appropriations – As of June 30, 2017, the School District was required to legally restrict fund balance in the amount of \$949,808.24, which represents unspent capital project funds transferred to the general fund. These funds were originally transferred from capital outlay and therefore are restricted for utilization in a future years' budget.

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 is \$7,703,267.39. Additionally, \$8,666,587.83 of excess fund balance generated during 2015-2016 has been restricted and designated for utilization in the 2017-2018 budget.

For Capital Reserve Account - As of June 30, 2017, the balance in the capital reserve account is \$3,765,385.76. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP). \$2,283,942.00 of the restricted reserve balance has been designated for utilization in the 2017-2018 Budget.

For Maintenance Reserve Account - As of June 30, 2017, the balance in the maintenance reserve account is \$1,754,108.05. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

Note 21: FUND BALANCES (CONT'D)**RESTRICTED (CONT'D)**

For Emergency Reserve - As of June 30, 2017, the balance in the emergency reserve is \$438,246.61. These funds are restricted for the purpose of financing unanticipated general fund expenditures required for a thorough and efficient education in accordance with N.J.S.A. 18A:7F-41c(1). The balance of the restricted fund balance is not permitted to exceed \$250,000.00, or one percent (1%) of the School District's general fund budget up to a maximum of \$1,000,000.00, whichever is greater. Deposits may be made to the emergency reserve account at budget time, or by board resolution at year end of any unanticipated revenue or unexpended line item appropriation, or both. Withdrawals from the emergency reserve require approval by the Commissioner.

Capital Projects Fund - On January 6, 2014 the District received approval from the Department of Education for the roof replacement at Pennsauken High School. This project was funded with a combination of a Grant from the State of New Jersey and a transfer from Capital Outlay. The School District also entered into a lease agreement on August 17, 2016 for \$6,685,000.00. The proceeds of this lease is to be utilized to fund the School District's Energy Savings Improvement Program. As of June 30, 2017, the restricted fund balance amount was \$5,627,386.97.

Debt Service Fund - In accordance with N.J.A.C. 6A:23A-8.6, a district board of education shall appropriate annually all debt service fund balances in the budget certified for taxes unless expressly authorized and documented by the voters in a bond referendum. As a result, the School District has \$0.33 of debt service fund balance at June 30, 2017.

Permanent Fund - Other Purposes - The School District was the beneficiary of a distribution from an estate. In accordance with the terms of the distribution, any interest income derived from permanent fund principal is to be used solely for student scholarships. As of June 30, 2017, the restricted fund balance amount was \$196.27.

ASSIGNED

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

General Fund

For Subsequent Year's Expenditures - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2018 \$1,174,459.17 of general fund balance at June 30, 2017. In addition, \$82,715.47 of assigned fund balance from SEMI reimbursement resulting from the Special Education Medicaid Initiative (SEMI) reimbursement received during the current fiscal year for reimbursement of previous fiscal year expenditures has not been assigned to a budget year.

UNASSIGNED

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

General Fund - As of June 30, 2017, the general fund balance deficit of \$2,071,351.91 was unassigned.

Note 21: FUND BALANCES (CONT'D)**UNASSIGNED (CONT'D)**

Special Revenue Fund - As of June 30, 2017, the fund balance of the special revenue fund was a deficit of \$51,441.96, thus resulting in the fund balance classification of unassigned. The deficit is a result from a delay in the payment of state aid until the following fiscal year. As stated in note 20, since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties. The unassigned deficit on the GAAP financial statements of \$51,441.96 is less than the last state aid payment.

Note 22: 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 N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

The Township of Pennsauken has entered into various property tax abatement agreements with properties having aggregate assessed valuations of \$28,696,400.00. Based on the School District's 2016 certified tax rate of \$1.697, abated taxes totaled \$486,977.91.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 38,479,786.00		\$ 38,479,786.00	\$ 38,479,786.00	
Tuition from Other LEA's Within the State	257,652.00		257,652.00	334,849.13	\$ 77,197.13
Tuition from Other Sources	50,000.00		50,000.00	154,937.73	104,937.73
Rents and Royalties	144,000.00		144,000.00	156,744.36	12,744.36
Interest Earned on Capital Reserve Funds				2,989.44	2,989.44
Interest Earned on Emergency Reserve Funds				1,530.96	1,530.96
Interest Earned on Maintenance Reserve Funds				3,507.72	3,507.72
Unrestricted Miscellaneous Revenues	400,000.00		400,000.00	674,126.18	274,126.18
Total - Local Sources	39,331,438.00	-	39,331,438.00	39,808,471.52	477,033.52
State Sources:					
Equalization Aid	43,267,622.00		43,267,622.00	43,267,622.00	
Special Education Aid	3,077,525.00		3,077,525.00	3,077,525.00	
Transportation Aid	534,586.00		534,586.00	534,586.00	
Security Aid	1,492,071.00		1,492,071.00	1,492,071.00	
Extraordinary Aid				767,706.00	767,706.00
PARCC Readiness Aid	51,380.00		51,380.00	51,380.00	
Per Pupil Growth Aid	51,380.00		51,380.00	51,380.00	
Professional Learning Community Aid	51,805.00		51,805.00	51,805.00	
Non-Public Transportation Aid				59,522.00	59,522.00
Homeless Aid				17,317.00	17,317.00
On-behalf TPAF Pension Contributions (non-budgeted)				3,620,433.00	3,620,433.00
On-behalf TPAF Non-Contributory Insurance (non-budgeted)				131,177.00	131,177.00
On-behalf TPAF Medical Contributions (non-budgeted)				3,125,944.00	3,125,944.00
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)				5,086.00	5,086.00
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				2,505,359.56	2,505,359.56
Total - State Sources	48,526,369.00	-	48,526,369.00	58,758,913.56	10,232,544.56
Federal Sources:					
Special Education Medicaid Initiative	196,895.00		196,895.00	276,153.70	79,258.70
ARRA - Special Education Medicaid Initiative				23,583.15	23,583.15
Medicaid Administrative Claiming Aid				40,744.77	40,744.77
Total - Federal Sources	196,895.00	-	196,895.00	340,481.62	143,586.62
Total Revenues	88,054,702.00	-	88,054,702.00	98,907,866.70	10,853,164.70

(Continued)

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
GENERAL CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 1,277,964.00	\$ 50,000.00	\$ 1,327,964.00	\$ 1,304,342.14	\$ 23,621.86
Grades 1 - 5	8,274,691.00	(231,821.81)	8,042,869.19	7,731,042.33	311,826.86
Grades 6 - 8	5,110,023.00	(70,000.00)	5,040,023.00	4,255,372.94	784,650.06
Grades 9 - 12	7,069,103.00	(399,239.68)	6,669,863.32	6,264,855.31	405,008.01
Regular Programs - Home Instruction:					
Salaries of Teachers	35,000.00	11,091.76	46,091.76	41,091.76	5,000.00
Purchased Professional - Educational Services	40,000.00	4,000.00	44,000.00	42,152.50	1,847.50
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	203,634.00	(79,030.27)	124,603.73	100,051.42	24,552.31
Purchased Professional - Educational Services	509,200.00	143,965.00	653,165.00	599,513.67	53,651.33
Purchased Technical Services	6,000.00		6,000.00		6,000.00
Other Purchased Services	367,508.00	14,635.00	382,143.00	340,267.17	41,875.83
General Supplies	1,446,640.00	(9,986.00)	1,436,654.00	1,205,326.38	231,327.62
Textbooks	320,000.00	(37,100.00)	282,900.00	270,524.84	12,375.16
Other Objects		100.00	100.00	93.00	7.00
Total - Regular Programs	24,659,763.00	(603,386.00)	24,056,377.00	22,154,633.46	1,901,743.54
Special Education:					
Cognitive Mild:					
Salaries of Teachers	159,135.00	9,975.75	169,110.75	167,602.75	1,508.00
Other Salaries for Instruction	14,743.00	(8,173.25)	6,569.75	3,627.49	2,942.26
General Supplies	2,000.00		2,000.00	431.10	1,568.90
Total - Cognitive Mild	175,878.00	1,802.50	177,680.50	171,661.34	6,019.16
Learning and/or Language Disabilities:					
Salaries of Teachers	2,413,866.00	295,497.50	2,709,363.50	2,614,693.22	94,670.28
Other Salaries for Instruction	318,703.00		318,703.00	282,603.51	36,099.49
General Supplies	40,000.00		40,000.00	37,691.29	2,308.71
Textbooks	8,000.00	(6,100.00)	1,900.00	1,842.89	57.11
Total - Learning and/or Language Disabilities	2,780,569.00	289,397.50	3,069,966.50	2,936,830.91	133,135.59
Behavioral Disabilities:					
Salaries of Teachers	438,559.00	(100,000.00)	338,559.00	326,788.19	11,770.81
Other Salaries for Instruction	66,795.00	(22,500.00)	44,295.00	24,863.05	19,431.95
General Supplies	10,000.00		10,000.00	9,285.33	714.67
Textbooks	4,200.00		4,200.00	2,303.88	1,896.12
Total - Behavioral Disabilities	519,554.00	(122,500.00)	397,054.00	363,240.45	33,813.55

(Continued)

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Special Education(Cont'd):					
Multiple Disabilities:					
Salaries of Teachers	\$ 188,123.00	\$ (90,000.00)	\$ 98,123.00	\$ 87,596.00	\$ 10,527.00
Other Salaries for Instruction	47,865.00	(47,300.00)	565.00	195.00	370.00
General Supplies	15,000.00	(5,125.25)	9,874.75	9,492.68	382.07
Textbooks	2,000.00	(2,000.00)			
Total - Multiple Disabilities	252,988.00	(144,425.25)	108,562.75	97,283.68	11,279.07
Resource Room/Center:					
Salaries of Teachers	2,373,465.00	91,400.00	2,464,865.00	2,459,743.41	5,121.59
Other Salaries for Instruction	224,016.00	42,600.00	266,616.00	265,876.63	739.37
General Supplies	15,000.00		15,000.00	14,004.60	995.40
Textbooks	3,000.00	(1,400.00)	1,600.00		1,600.00
Total - Resource Room/Center	2,615,481.00	132,600.00	2,748,081.00	2,739,624.64	8,456.36
Autism:					
Salaries of Teachers	65,526.00	47,195.50	112,721.50	108,949.12	3,772.38
Other Salaries for Instruction	4,000.00	35,900.07	39,900.07	33,759.19	6,140.88
General Supplies	2,000.00		2,000.00	415.60	1,584.40
Total - Autism	71,526.00	83,095.57	154,621.57	143,123.91	11,497.66
Preschool Disabilities - Full-Time:					
Salaries of Teachers	126,005.00	5,527.68	131,532.68	121,509.53	10,023.15
Other Salaries for Instruction	62,949.00	500.00	63,449.00	53,052.91	10,396.09
General Supplies	1,000.00	(195.50)	804.50	357.46	447.04
Total - Preschool Disabilities - Full-Time	189,954.00	5,832.18	195,786.18	174,919.90	20,866.28
Home Instruction:					
Salaries of Teachers	30,000.00	195.50	30,195.50	30,195.50	
Purchased Professional - Educational Services	40,000.00	(9,827.02)	30,172.98	29,550.10	622.88
Total - Home Instruction	70,000.00	(9,631.52)	60,368.48	59,745.60	622.88
Total - Special Education	6,675,950.00	236,170.98	6,912,120.98	6,686,430.43	225,690.55

(Continued)

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Basic Skills / Remedial - Instruction:					
Salaries of Teachers	\$ 253,674.00	\$ 534,625.00	\$ 788,299.00	\$ 788,223.86	\$ 75.14
General Supplies	40,500.00	(10,000.00)	30,500.00	29,541.50	958.50
Total - Basic Skills / Remedial - Instruction	294,174.00	524,625.00	818,799.00	817,765.36	1,033.64
Bilingual Education:					
Salaries of Teachers	544,882.00	(15,421.23)	529,460.77	514,446.76	15,014.01
Purchased Professional - Educational Services	5,000.00	1,000.00	6,000.00	5,994.09	5.91
Other Purchased Services	250.00		250.00	249.00	1.00
General Supplies	11,500.00	(6,000.00)	5,500.00	4,368.47	1,131.53
Total - Bilingual Education:	561,632.00	(20,421.23)	541,210.77	525,058.32	16,152.45
School Sponsored Cocurricular Activities - Instruction:					
Salaries	299,600.00	(87,337.00)	212,263.00	178,010.50	34,252.50
Purchased Services	38,000.00	40,792.50	78,792.50	73,170.91	5,621.59
Supplies and Materials	42,150.00	(13,100.00)	29,050.00	25,712.60	3,337.40
Other Objects	24,200.00	(15,946.50)	8,253.50	6,266.90	1,986.60
Total - School Sponsored Cocurricular Activities - Instruction	403,950.00	(75,591.00)	328,359.00	283,160.91	45,198.09
School Sponsored Athletics - Instruction:					
Salaries	436,206.00	(45,167.50)	391,038.50	384,778.90	6,259.60
Purchased Services	25,020.00	54,589.00	79,609.00	73,010.20	6,598.80
Supplies and Materials	96,000.00	1,486.20	97,486.20	96,546.91	939.29
Other Objects	17,405.00	2,000.00	19,405.00	19,390.52	14.48
Transfers to Cover Deficit	56,500.00	(10,000.00)	46,500.00	40,000.00	6,500.00
Total - School Sponsored Athletics - Instruction	631,131.00	2,907.70	634,038.70	613,726.53	20,312.17
Summer School Instruction:					
Salaries of Teachers	80,000.00	6,544.50	86,544.50	86,544.50	1,000.00
General Supplies	1,000.00		1,000.00		
Total - Summer School Instruction	81,000.00	6,544.50	87,544.50	86,544.50	1,000.00
Alternative Education Program - Instruction:					
Salaries of Teachers	160,000.00	186,364.00	346,364.00	346,364.00	680.21
General Supplies	1,000.00		1,000.00	319.79	
Total - Alternative Education Program - Instruction	161,000.00	186,364.00	347,364.00	346,683.79	680.21

(Continued)

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs within the State - Regular	\$ 115,000.00	\$ 1,450.00	\$ 116,450.00	\$ 111,601.58	\$ 4,848.42
Tuition to Other LEAs within the State - Special	50,000.00	101,550.00	151,550.00	136,625.90	14,924.10
Tuition to County Voc. School Dist. - Regular	734,188.00	13,200.00	747,388.00	744,058.20	3,329.80
Tuition to County Voc. School Dist. - Special	277,590.00	(32,250.00)	245,340.00	214,735.35	30,604.65
Tuition to CSSD & Reg. Day Schools	2,600,000.00	175,405.00	2,775,405.00	2,764,643.83	10,761.17
Tuition to Private School for the Disabled within State	3,900,000.00	338,210.00	4,238,210.00	4,221,083.78	17,126.22
Tuition to Private School for the Disabled & Other LEAs Outside State	125,000.00	(37,562.00)	87,438.00	72,635.20	14,802.80
Tuition -- State Facilities	32,306.00	17,699.00	50,005.00	50,005.00	
Tuition -- Other	480,000.00	(117,996.00)	362,004.00	348,446.73	13,557.27
Total - Undistributed Expenditures - Instruction	8,314,084.00	459,706.00	8,773,790.00	8,663,835.57	109,954.43
Total - Instruction	41,782,684.00	716,919.95	42,499,603.95	40,177,838.87	2,321,765.08
Undistributed Expenditures - Attendance and Social Work:					
Salaries	126,510.00	611.04	127,121.04	118,638.02	8,483.02
Other Purchased Services	16,230.00	(111.04)	16,118.96	15,879.17	239.79
Supplies and Materials	2,000.00	(500.00)	1,500.00	905.51	594.49
Total - Undistributed Expenditures - Attendance and Social Work	144,740.00	-	144,740.00	135,422.70	9,317.30
Undistributed Expenditures - Health Services:					
Salaries	775,624.00	13,340.75	788,964.75	786,188.16	2,776.59
Purchased Professional and Technical Services	58,000.00	(4,640.75)	53,359.25	52,800.00	559.25
Other Purchased Services	2,000.00	300.00	2,300.00	1,165.47	1,134.53
Supplies and Materials	20,000.00	(9,000.00)	11,000.00	10,681.32	318.68
Total - Undistributed Expenditures - Health Services	855,624.00	-	855,624.00	850,834.95	4,789.05
Other Support Services - Students - Related Services:					
Salaries	679,260.00	873.00	680,133.00	663,102.89	17,030.11
Purchased Professional - Educational Services	180,000.00	(50,873.00)	129,127.00	102,570.44	26,556.56
Supplies and Materials	18,000.00		18,000.00	6,836.69	11,163.31
Total - Other Support Services-Students-Related Services	877,260.00	(50,000.00)	827,260.00	772,510.02	54,749.98
Other Support Services - Students - Extra Services:					
Salaries	590,339.00	(12,720.00)	577,619.00	566,540.42	11,078.58
Purchased Professional - Educational Services	622,484.00	(101,780.00)	520,704.00	518,735.64	1,968.36
Total - Other Support Services - Students - Extra Services	1,212,823.00	(114,500.00)	1,098,323.00	1,085,276.06	13,046.94

(Continued)

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Other Support Services - Students - Regular:					
Salaries of Other Professional Staff	\$ 1,139,158.00		\$ 1,139,158.00	\$ 1,078,229.15	\$ 60,928.85
Salaries of Secretarial and Clerical Assistants	79,204.00		79,204.00	54,929.97	24,274.03
Purchased Professional - Educational Services	1,000.00		1,000.00		1,000.00
Other Purchased Services	42,137.00	\$ (2,000.00)	40,137.00	33,488.24	6,648.76
Supplies and Materials	28,500.00	(3,600.00)	24,900.00	18,633.38	6,266.62
Total - Other Support Services - Students - Regular	1,289,999.00	(5,600.00)	1,284,399.00	1,185,280.74	99,118.26
Other Support Services - Students - Special Services:					
Salaries of Other Professional Staff	1,360,238.00	(18,500.00)	1,341,738.00	1,211,951.37	129,786.63
Salaries of Secretarial and Clerical Assistants	96,445.00	17,000.00	113,445.00	109,920.23	3,524.77
Purchased Professional - Educational Services	180,000.00	(6,000.00)	174,000.00	147,192.25	26,807.75
Other Purchased Services	2,208.00		2,208.00	2,208.00	
Miscellaneous Purchased Services	3,000.00	4,000.00	7,000.00	6,071.13	928.87
Supplies and Materials	25,000.00		25,000.00	14,483.13	10,516.87
Total - Other Support Services - Students - Special Services	1,666,891.00	(3,500.00)	1,663,391.00	1,491,826.11	171,564.89
Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	493,446.00	46,830.41	540,276.41	540,276.41	
Salaries of Other Professional Staff	40,000.00	(40,000.00)			
Other Salaries		73,000.00	73,000.00	58,012.50	14,987.50
Salaries of Facilitators, Math & Literacy Coaches	1,087,537.00	(96,830.41)	990,706.59	789,430.66	201,275.93
Unused Vacation Payment to Terminated/Retired Staff	5,000.00		5,000.00		5,000.00
Other Purchased Services	2,000.00	500.00	2,500.00	2,026.53	473.47
Supplies and Materials	10,000.00	(500.00)	9,500.00	2,343.65	7,156.35
Total - Improvement of Instruction Services	1,637,983.00	(17,000.00)	1,620,983.00	1,392,089.75	228,893.25
Educational Media Services/School Library:					
Salaries	677,515.00	8,475.00	685,990.00	513,458.08	172,531.92
Other Purchased Services	29,000.00	(965.00)	28,035.00	27,023.83	1,011.17
Supplies and Materials	60,500.00	(7,410.00)	53,090.00	49,231.12	3,858.88
Total - Educational Media Services/School Library	767,015.00	100.00	767,115.00	589,713.03	177,401.97
Instructional Staff Training Services:					
Other Purchased Services	5,000.00		5,000.00	565.14	4,434.86
Supplies and Materials	2,000.00		2,000.00	1,284.50	715.50
Total - Instructional Staff Training Services	7,000.00	-	7,000.00	1,849.64	5,150.36

(Continued)

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Support Services General Administration:					
Salaries	\$ 208,794.00	\$ 15,304.28	\$ 224,098.28	\$ 215,258.49	\$ 8,839.79
Legal Services	130,000.00	38,000.00	168,000.00	167,068.49	931.51
Audit Fees	109,000.00		109,000.00	109,000.00	
Architectural/Engineering Services	25,000.00	(10,600.00)	14,400.00	14,400.00	
Other Purchased Professional Services	37,050.00	9,095.10	46,145.10	46,145.10	
Communications/Telephone/ Postage	379,450.00	(6,826.28)	372,623.72	369,177.90	3,445.82
BOE Other Purchased Services	6,000.00	(2,003.59)	3,996.41	3,996.41	
Other Purchased Services	132,614.00	(14,697.02)	117,916.98	116,916.98	1,000.00
General Supplies	12,000.00		12,000.00	10,877.99	1,122.01
BOE In-House Training / Meeting Supplies	4,000.00	(3,542.76)	457.24	457.24	
Judgments Against the School District	5,000.00	(4,130.00)	870.00	870.00	
Miscellaneous Expenditures	4,000.00	55,263.02	59,263.02	57,479.02	1,784.00
BOE Membership Dues and Fees	30,000.00	(3,337.30)	26,662.70	26,662.70	
Total - Support Services General Administration	1,082,908.00	72,525.45	1,155,433.45	1,138,310.32	17,123.13
Support Services School Administration:					
Salaries of Principals/Assistant Principals	1,619,990.00	162,956.99	1,782,946.99	1,507,045.52	275,901.47
Salaries of Other Professional Staff	358,911.00	15,195.15	374,106.15	372,968.07	1,138.08
Salaries of Secretarial and Clerical Assistants	753,051.00	48,962.25	802,013.25	711,607.83	90,405.42
Unused Vacation Payment to Terminated/Retired Staff		34,285.61	34,285.61	34,285.61	
Other Purchased Services	24,600.00	(2,070.00)	22,530.00	13,301.16	9,228.84
Supplies and Materials	50,500.00	9,770.00	60,270.00	55,633.06	4,636.94
Other Objects	19,700.00	1,500.00	21,200.00	20,302.10	897.90
Total - Support Services School Administration	2,826,752.00	270,600.00	3,097,352.00	2,715,143.35	382,208.65
Central Services:					
Salaries	753,421.00	54,600.00	808,021.00	764,435.90	43,585.10
Purchased Technical Services	45,396.00	(8,743.74)	36,652.26	26,652.26	10,000.00
Miscellaneous Purchased Services	5,600.00	(915.00)	4,685.00	3,047.65	1,637.35
Supplies and Materials	13,000.00	(181.71)	12,818.29	7,161.55	5,656.74
Miscellaneous Expenditures	4,000.00	2,315.00	6,315.00	3,704.89	2,610.11
Total - Central Services	821,417.00	47,074.55	868,491.55	805,002.25	63,489.30
Administrative Information Technology:					
Salaries	108,046.00	40,000.00	148,046.00	139,371.63	8,674.37
Purchased Professional Services	21,400.00	(1,500.00)	19,900.00	12,886.83	7,013.17
Purchased Technical Services	34,988.00	27,500.00	62,488.00	61,748.01	719.99
Other Purchased Services	16,552.00		16,552.00	11,687.25	4,864.75
Supplies and Materials	88,100.00	(13,000.00)	75,100.00	53,944.63	21,155.37
Total - Administrative Information Technology	269,066.00	53,000.00	322,066.00	279,638.35	42,427.65

(Continued)

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Undistributed Expenditures (Cont'd):					
Required Maintenance for School Facilities:					
Salaries	\$ 1,188,747.00	\$ 10,178.52	\$ 1,198,925.52	\$ 1,190,261.56	\$ 8,663.96
Unused Vacation Payment to Terminated/Retired Staff	20,000.00		20,000.00	3,008.28	16,991.72
Cleaning, Repair & Maintenance Services	321,800.00	(29,700.00)	292,100.00	196,274.24	95,825.76
General Supplies	241,000.00		241,000.00	188,903.97	52,096.03
Total - Required Maintenance for School Facilities	1,771,547.00	(19,521.48)	1,752,025.52	1,578,448.05	173,577.47
Other Operation and Maintenance of Plant Services:					
Salaries	2,530,045.00	29,821.48	2,559,866.48	2,459,696.19	100,170.29
Salaries of Non-Instructional Aides	255,058.00		255,058.00	240,037.43	15,020.57
Unused Vacation Payment to Terminated/Retired Staff	20,000.00		20,000.00	16,435.17	3,564.83
Purchased Professional and Technical Services	50,400.00	24,000.00	74,400.00	60,764.96	13,635.04
Cleaning, Repair and Maintenance Services	80,720.00	10,000.00	90,720.00	83,383.98	7,336.02
Other Purchased Property Services	140,900.00	(10,000.00)	130,900.00	112,949.34	17,950.66
Insurance	500,000.00	66,000.00	566,000.00	561,431.87	4,568.13
Miscellaneous Purchased Services	9,000.00		9,000.00	736.92	8,263.08
General Supplies	250,000.00	(250.00)	249,750.00	245,877.20	3,872.80
Energy (Natural Gas)	777,332.00	(51,000.00)	726,332.00	350,776.64	375,555.36
Energy (Electricity)	1,285,000.00	(70,000.00)	1,215,000.00	924,960.92	290,039.08
Other Objects	37,400.00	250.00	37,650.00	27,730.68	9,919.32
Total - Other Operation and Maintenance of Plant Services	5,935,855.00	(1,178.52)	5,934,676.48	5,084,781.30	849,895.18
Care & Upkeep of Grounds:					
Salaries	339,117.00		339,117.00	275,312.89	63,804.11
Cleaning, Repair and Maintenance Services	23,000.00	12,000.00	35,000.00	30,833.00	4,167.00
General Supplies	85,000.00	(12,000.00)	73,000.00	41,831.71	31,168.29
Total - Care & Upkeep of Grounds	447,117.00	-	447,117.00	347,977.60	99,139.40
Security:					
Purchased Professional and Technical Services	300,000.00		300,000.00	285,000.00	15,000.00
General Supplies	2,500.00		2,500.00	412.50	2,087.50
Total - Security	302,500.00	-	302,500.00	285,412.50	17,087.50

(Continued)

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Undistributed Expenditures (Cont'd):					
Student Transportation Services:					
Salaries of Non-Instructional Aids	\$ 291,181.00	\$ 24,746.16	\$ 315,927.16	\$ 312,789.67	\$ 3,137.49
Salaries for Pupil Transportation (Between Home & School) - Regular	925,047.00	(255,100.00)	669,947.00	551,406.04	118,540.96
Salaries for Pupil Transportation (Between Home & School) - Special Education	233,191.00	326,000.00	559,191.00	478,742.14	80,448.86
Salaries for Pupil Transportation (Other than Between Home & School)	280,000.00	(51,746.16)	228,253.84	198,555.98	29,697.86
Salaries for Pupil Transportation (Between Home & School) - Non-Public School	54,360.00		54,360.00	31,155.96	23,204.04
Management Fee - ESC & CTSA Transportation Program	85,000.00	13,100.00	98,100.00	96,773.76	1,326.24
Other Purchased Professional and Technical Services	21,570.00		21,570.00	16,747.84	4,822.16
Cleaning, Repair and Maintenance Services	62,627.00	(22,000.00)	40,627.00	30,608.23	10,018.77
Contracted Services (Between Home & School) - Vendors	830,336.00	(49,000.00)	781,336.00	781,110.11	225.89
Contracted Services (Other Than Between Home & School) - Vendors	64,207.00	33,400.00	97,607.00	97,286.36	320.64
Contracted Services (Between Home & School) - Joint Agreements	8,000.00	1,000.00	9,000.00	8,900.00	100.00
Contracted Services (Special Education Students) - Vendors	50,000.00	(47,775.00)	2,225.00		2,225.00
Contracted Services (Special Education Students) - ESCs & CTSA	1,674,900.00	272,100.00	1,947,000.00	1,923,900.63	23,099.37
Contracted Services - Aid in Lieu of Payments - Non-Public Schools	256,360.00	(50,500.00)	205,860.00	204,557.15	1,302.85
Contracted Services - Aid in Lieu of Payments - Charter Schools	119,340.00	(53,600.00)	65,740.00	65,646.37	93.63
Contracted Services - Aid in Lieu of Payments - Choice Schools	50,388.00	(11,400.00)	38,988.00	34,672.40	4,315.60
Contracted Services - Aid in Lieu of Payments - Renaissance Schools	884.00	(200.00)	684.00		684.00
Miscellaneous Purchased Services	2,270.00	3,975.00	6,245.00	5,282.70	962.30
General Supplies	3,000.00		3,000.00	2,570.54	429.46
Transportation Supplies	445,500.00	(133,550.00)	311,950.00	310,245.58	1,704.42
Other Objects	10,000.00	550.00	10,550.00	10,369.20	180.80
Total - Student Transportation Services	5,468,161.00	-	5,468,161.00	5,161,320.66	306,840.34
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	1,138,000.00	(140,000.00)	998,000.00	989,799.22	8,200.78
Other Retirement Contributions - PERS	1,200,000.00	295,000.00	1,495,000.00	1,487,145.46	7,854.54
Other Retirement Contributions - Regular		15,000.00	15,000.00	13,572.42	1,427.58
Workers Compensation	624,700.00	100,000.00	724,700.00	686,715.43	37,984.57
Health Benefits	18,016,644.00	(1,330,000.00)	16,686,644.00	12,380,568.53	4,306,075.47
Tuition Reimbursements	155,000.00		155,000.00	75,140.00	79,860.00
Other Employee Benefits	445,000.00	(200.00)	444,800.00	336,403.13	108,396.87
Unused Sick Payment to Terminated/Retired Staff	270,000.00	(8,600.00)	261,400.00	29,235.94	232,164.06
Total - Unallocated Benefits - Employee Benefits	21,849,344.00	(1,068,800.00)	20,780,544.00	15,998,580.13	4,781,963.87

(Continued)

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Undistributed Expenditures (Cont'd):					
TPAF Contributions:					
On-behalf TPAF Pension Contributions (non-budgeted)				\$ 3,620,433.00	\$ (3,620,433.00)
On-behalf TPAF Non-Contributory Insurance (non-budgeted)				131,177.00	(131,177.00)
On-behalf TPAF Medical Contributions (non-budgeted)				3,125,944.00	(3,125,944.00)
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)				5,086.00	(5,086.00)
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				2,505,359.56	(2,505,359.56)
Total TPAF Contributions		-	-	9,387,999.56	(9,387,999.56)
Total Undistributed Expenses	\$ 49,234,002.00	\$ (836,800.00)	\$ 48,397,202.00	50,287,417.07	(1,890,215.07)
Total Expenditures - Current Expense	91,016,686.00	(119,880.05)	90,896,805.95	90,465,255.94	431,550.01
CAPITAL OUTLAY:					
Equipment:					
Grades 1-5	10,600.00	(1,100.00)	9,500.00	2,454.71	7,045.29
Grades 6-8	12,600.00	(6,005.00)	6,595.00	5,849.70	745.30
Grades 9-12	99,600.00	21,260.80	120,860.80	120,551.80	309.00
Multiple Disabilities		6,630.25	6,630.25	6,628.00	2.25
Undistributed Expenditures - Central Services	7,011.00	650.00	7,661.00	7,639.59	21.41
Undistributed Expenditures - Admin Info Tech.	23,700.00	(650.00)	23,050.00	15,325.48	7,724.52
Undistributed Expenditures - Required Maintenance for Schools	76,200.00	7,350.00	83,550.00	57,309.02	26,240.98
Undistributed Expenditures - Other Maintenance and Operation for Schools	33,000.00	49,000.00	82,000.00	81,938.00	62.00
Undistributed Expenditures - Care / Upkeep of Grounds	120,000.00	(20,400.00)	99,600.00	99,550.01	49.99
Undistributed Expenditures - Student Trans. - Non-Inst. Equip.	2,500.00	(2,500.00)			
School Buses - Regular	177,826.00		177,826.00	177,824.64	1.36
Total - Equipment	563,037.00	54,236.05	617,273.05	575,070.95	42,202.10
Facilities Acquisition and Construction Services:					
Architectural / Engineering Services	175,000.00	112,781.65	287,781.65	223,854.41	63,927.24
Construction Services		372,929.00	372,929.00	372,929.00	
Capital Reserve - Transfer to Capital Projects	1,680,000.00	(510,360.65)	1,169,639.35		1,169,639.35
Capital Reserve - Transfer to Repayment of Debt	450,000.00	(450,000.00)			
Increase in Capital Reserve	450,000.00		450,000.00		450,000.00
Total - Facilities Acquisition and Construction Services	2,755,000.00	(474,650.00)	2,280,350.00	596,783.41	1,683,566.59
Total Capital Outlay	3,318,037.00	(420,413.95)	2,897,623.05	1,171,854.36	1,725,768.69
Transfer of Funds to Charter Schools	3,635,150.00	90,294.00	3,725,444.00	3,725,444.00	-
Total Expenditures	97,969,873.00	(450,000.00)	97,519,873.00	95,362,554.30	2,157,318.70

(Continued)

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Calculation of Deficiency of Revenues Under Expenditures:					
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (9,915,171.00)	\$ 450,000.00	\$ (9,465,171.00)	\$ 3,545,312.40	\$ 13,010,483.40
Other Financing Sources (Uses):					
Operating Transfer In -- Capital Project Balances Canceled to Capital Outlay Legally Restricted				475,000.00	(475,000.00)
Operating Transfer In -- Capital Project Balances Canceled to Capital Reserve		(450,000.00)	(450,000.00)	240,000.00	(240,000.00)
Operating Transfer Out -- Capital Reserve Transferred to Debt Service Fund				(450,000.00)	
Total - Other Financing Sources (Uses)	-	(450,000.00)	(450,000.00)	265,000.00	(715,000.00)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(9,915,171.00)	-	(9,915,171.00)	3,810,312.40	13,725,483.40
Fund Balances, July 1	23,431,017.99	-	23,431,017.99	23,431,017.99	-
Fund Balances, June 30	\$ 13,515,846.99	-	\$ 13,515,846.99	\$ 27,241,330.39	\$ 13,725,483.40
Recapitulation:					
Nonspendable Fund Balance:				\$ 160,032.78	
Reserve for Supplies Inventory					
Restricted Fund Balance:				7,703,267.39	
Excess Surplus				8,666,587.83	
Excess Surplus -- Designated for Subsequent Years Expenditures				438,246.61	
Emergency Reserve				1,754,108.05	
Maintenance Reserve				1,481,443.76	
Capital Reserve				2,283,942.00	
Capital Reserve -- Designated for Subsequent Years Expenditures				949,808.24	
Capital Outlay Legally Restricted				1,174,459.17	
Assigned Fund Balance:				82,715.47	
Designated for Subsequent Years Expenditures				2,546,719.09	
SEMI Cost Settlement 7/1/13 - 6/30/14 Designated for Subsequent Year's Expenditures					
Unassigned Fund Balance				27,241,330.39	
Reconciliation to Governmental Funds Statements (GAAP):				(4,618,071.00)	
Last State Aid Payment Not Recognized on GAAP Basis					
Fund Balance per Governmental Funds (GAAP)				\$ 22,623,259.39	

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 Special Revenue Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Federal Sources:					
Title I, Part A	\$ 1,502,332.00	\$ 297,755.00	\$ 1,800,087.00	\$ 1,733,408.23	\$ 66,678.77
Title II, Part A	161,094.00	11,020.00	172,114.00	171,282.24	831.76
Title III	65,985.00	28,914.00	94,899.00	72,137.10	22,761.90
Title III Immigrant		26,690.00	26,690.00	12,999.06	13,690.94
I.D.E.A., Part B, Basic	1,506,705.00	173,235.00	1,679,940.00	1,677,975.69	1,964.31
I.D.E.A., Part B, Preschool		46,469.00	46,469.00	46,469.00	
Total - Federal Sources	3,236,116.00	584,083.00	3,820,199.00	3,714,271.32	105,927.68
State Sources:					
Preschool Education Aid	781,584.00		781,584.00	780,689.00	895.00
Non-Public Nursing		81,450.00	81,450.00	80,635.50	814.50
Non-Public Textbook		51,241.00	51,241.00	50,781.26	459.74
Non-Public Technology		21,632.00	21,632.00	21,489.32	142.68
Non-Public Security		45,250.00	45,250.00	45,085.76	164.24
Chapter 192 Auxiliary Services		261,198.00	261,198.00	222,846.80	38,351.20
Chapter 193 Handicapped Services		136,237.00	136,237.00	90,095.62	46,141.38
Total - State Sources	781,584.00	597,008.00	1,378,592.00	1,291,623.26	86,968.74
Local Sources:					
Sustainable New Jersey Grant	-	9,500.00	9,500.00	1,106.23	8,393.77
Total Revenues	\$ 4,017,700.00	\$ 1,190,591.00	\$ 5,208,291.00	\$ 5,007,000.81	\$ 201,290.19

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 Special Revenue Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 1,591,548.13	\$ 230,804.87	\$ 1,822,353.00	\$ 1,766,759.45	\$ 55,593.55
Other Salaries for Instruction	128,196.00		128,196.00	128,196.00	
Purchased Professional & Technical Services	88,522.08	261,198.00	261,198.00	222,846.80	38,351.20
Purchased Professional Educational Services	1,396,907.13	10,177.92	98,700.00	98,675.00	25.00
Tuition		207,079.87	1,603,987.00	1,603,987.00	
General Supplies	36,030.04	46,942.86	82,972.90	63,101.17	19,871.73
Textbooks		51,241.00	51,241.00	50,781.26	459.74
Total Instruction	3,241,203.38	807,444.52	4,048,647.90	3,934,346.68	114,301.22
Support Services:					
Salaries of Supervisors of Instruction	4,172.94	827.06	5,000.00	4,880.50	119.50
Salaries of Other Professional Staff	133,188.76	33,657.24	166,846.00	154,783.25	12,062.75
Personal Services - Employee Benefits	547,318.56	61,631.44	608,950.00	608,950.00	
Purchased Professional & Technical Services	77,752.06	22,379.04	100,131.10	78,869.60	21,261.50
Purchased Professional Educational Services	7,265.31	136,590.69	143,856.00	96,819.62	47,036.38
Other Purchased Services	958.15	81,869.85	82,828.00	80,635.50	2,192.50
Supplies and Materials	5,840.84	4,691.16	10,532.00	6,215.66	4,316.34
Total Support Services	776,496.62	341,646.48	1,118,143.10	1,031,154.13	86,988.97
Capital Outlay:					
Non-Instructional Equipment	-	41,500.00	41,500.00	41,500.00	-
Total Expenditures	\$ 4,017,700.00	\$ 1,190,591.00	\$ 5,208,291.00	\$ 5,007,000.81	\$ 201,290.19

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

Required Supplementary Information
 Budget-to-GAAP Reconciliation
 For the Fiscal Year Ended June 30, 2017

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

	General Fund	Special Revenue Fund
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 98,907,866.70	\$ 5,007,000.81
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
The Restricted State Aids recorded in the Special Revenue Fund are realized utilizing the budgetary basis which dictates that revenue must equal expenditures and differs from GAAP which recognizes the revenue once the eligibility criteria are met as specified in Note 1 and GASB 33.		(6,159.00)
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) received July 2016.	4,617,378.00	79,575.00
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) received July 2017.	(4,618,071.00)	(77,453.00)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 98,907,173.70</u>	<u>\$ 5,002,963.81</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 95,362,554.30	\$ 5,007,000.81
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 95,362,554.30</u>	<u>\$ 5,007,000.81</u>

REQUIRED SUPPLEMENTARY INFORMATION
PART III

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System (PERS)
 Last Four Plan Fiscal Years

	Measurement Date Ending June 30,			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.1319386363%	0.1318579811%	0.1328969151%	0.1403594782%
School District's Proportionate Share of the Net Pension Liability	\$ 39,076,440.00	\$ 29,599,474.00	\$ 24,881,937.00	\$ 26,825,485.00
School District's Covered Payroll (Plan Measurement Period)	\$ 9,590,840.00	\$ 9,616,260.00	\$ 9,686,132.00	\$ 10,301,872.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	407.44%	307.81%	256.88%	260.39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Contributions
 Public Employees' Retirement System (PERS)
 Last Four Fiscal Years

	Fiscal Year Ended June 30,			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 1,237,239.00	\$ 1,172,124.00	\$ 1,133,625.00	\$ 1,095,583.00
Contributions in Relation to the Contractually Required Contribution	<u>(1,237,239.00)</u>	<u>(1,172,124.00)</u>	<u>(1,133,625.00)</u>	<u>(1,095,583.00)</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
School District's Covered Payroll	\$ 9,027,225.00	\$ 8,949,683.00	\$ 8,984,419.00	\$ 8,967,114.00
Contributions as a Percentage of School District's Covered Payroll	13.71%	13.10%	12.62%	12.22%

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund (TPAF)
Last Four Plan Fiscal Years

	Measurement Date Ending June 30,			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the School District	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
School District's Proportionate Share of the Net Pension Liability	-	-	-	-
State's Proportionate Share of the School District's Net Pension Liability	<u>\$ 264,850,367.00</u>	<u>\$ 222,951,239.00</u>	<u>\$ 191,090,175.00</u>	<u>\$ 188,332,270.00</u>
	<u>\$ 264,850,367.00</u>	<u>\$ 222,951,239.00</u>	<u>\$ 191,090,175.00</u>	<u>\$ 188,332,270.00</u>
School District's Covered Payroll (Plan Measurement Period)	\$ 40,489,584.00	\$ 40,476,520.00	\$ 41,511,116.00	\$ 41,586,444.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	654.12%	550.82%	460.33%	452.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	28.71%	33.64%	33.76%

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

Required Supplementary Information
Schedule of the School District's Contributions
Teachers' Pension and Annuity Fund (TPAF)
Last Ten Fiscal Years

This schedule is not applicable.

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

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Notes to Required Supplementary Information - Part III
For the Fiscal Year Ended June 30, 2017

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None

Changes in Assumptions - For 2016, the discount rate changed to 3.22% and the long-term expected rate of return changed to 7.65%. Further, the demographic assumptions were revised to reflect those recommended on the basis of the July 1, 2012 - June 30, 2015 experience study. For 2015, the discount rate changed to 4.13%. For 2014, the discount rate was at 4.68%.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

REQUIRED SUPPLEMENTARY INFORMATION
PART IV

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of Funding Progress for Health Benefits Plan
 For the Fiscal Year Ended June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
06/30/17	-	\$ 1,331,361.00	\$ 1,331,361.00	-	N/A	N/A
06/30/15	-	961,544.00	961,544.00	-	N/A	N/A
06/30/13	-	1,336,878.00	1,336,878.00	-	N/A	N/A

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Notes To Required Supplementary Information - Part IV
For the Fiscal Year Ended June 30, 2017

Other Postemployment Benefits

The information presented in the required supplementary schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation is as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar
Remaining Amortization Period	None
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate	5.00%
Rate of Salary Increases	N/A
Rate of Medical and Prescription Inflation	5.00%

For determining the annual required contribution (ARC), the rate of employer contributions to the Plan is composed of the normal cost plus amortization of the unfunded actuarial accrued liability (UAAL), multiplied by the sum of 1 plus the discount rate, or 1.05. The normal cost is a portion of the actuarial present value of plan benefits and expenses which is allocated to a valuation year by the actuarial cost method. The actuarial accrued liability (AAL) is that portion of the present value of projected benefits that will not be paid by future employer normal costs. The difference between this liability and the funds accumulated as of the same date is the unfunded actuarial liability (UAL).

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	N.C.L.B.				I.D.E.A. Part B		Total Brought Forward
	Total	Title I, Part A	Title II, Part A	Title III	Immigrant	Basic	
REVENUES:							
Federal Sources	\$ 3,714,271.32	\$ 1,733,408.23	\$ 171,282.24	\$ 72,137.10	\$ 12,999.06	\$ 1,677,975.69	\$ 46,469.00
State Sources	1,291,623.26						1,291,623.26
Local Sources	1,106.23						1,106.23
Total Revenues:	\$ 5,007,000.81	\$ 1,733,408.23	\$ 171,282.24	\$ 72,137.10	\$ 12,999.06	\$ 1,677,975.69	\$ 1,339,198.49
EXPENDITURES:							
Instruction:							
Salaries of Teachers	\$ 1,766,759.45	\$ 1,339,744.45					\$ 427,015.00
Other Salaries for Instruction	128,196.00						128,196.00
Purchased Professional & Technical Services	222,846.80					\$ 98,675.00	222,846.80
Purchased Professional Educational Services	98,675.00					1,557,518.00	46,469.00
Tuition	1,603,987.00					1,782.89	22,595.55
General Supplies	63,101.17	9,493.52		\$ 25,843.40	\$ 3,385.81		50,781.26
Textbooks	50,781.26						
Total Instruction	3,934,346.68	1,349,237.97	-	25,843.40	3,385.81	1,657,975.89	897,903.61
Support Services:							
Salaries of Supervisors of Instruction	4,880.50	4,880.50					
Salaries of Other Professional Staff	154,783.25		\$ 130,800.00	15,910.00	8,073.25		
Personal Services - Employee Benefits	608,950.00	347,940.00	34,008.00	1,184.00	1,540.00		224,278.00
Purchased Professional & Technical Services	78,869.60	29,670.10		29,199.70		19,999.80	
Purchased Professional Educational Services	96,819.62		5,524.00				91,295.62
Other Purchased Services	80,635.50						80,635.50
Supplies and Materials	6,215.66	1,679.66	950.24				3,585.76
Total Support Services	1,031,154.13	384,170.26	171,282.24	46,293.70	9,613.25	19,999.80	399,794.88
Capital Outlay:							
Non-Instructional Equipment	41,500.00	-	-	-	-	-	41,500.00
Total Expenditures	\$ 5,007,000.81	\$ 1,733,408.23	\$ 171,282.24	\$ 72,137.10	\$ 12,999.06	\$ 1,677,975.69	\$ 1,339,198.49

(Continued)

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	Total Carried Forward	I.D.E.A. Part B		Non-Public Technology Aid	Non-Public Textbook Aid	Non-Public Nursing Aid	Non-Public Security Aid	Total Brought Forward
		Preschool						
REVENUES:								
Federal Sources	\$ 46,469.00	\$ 46,469.00						
State Sources	1,291,623.26		\$ 21,489.32	\$ 50,781.26	\$ 80,635.50	\$ 45,085.76	\$ 1,093,631.42	
Local Sources	1,106.23							1,106.23
Total Revenues	\$ 1,339,198.49	\$ 46,469.00	\$ 21,489.32	\$ 50,781.26	\$ 80,635.50	\$ 45,085.76	\$ 1,094,737.65	
EXPENDITURES:								
Instruction:								
Salaries of Teachers	\$ 427,015.00							\$ 427,015.00
Other Salaries for Instruction	128,196.00							128,196.00
Purchased Professional & Technical Services	222,846.80							222,846.80
Purchased Professional Educational Services								
Tuition	46,469.00	\$ 46,469.00						
General Supplies	22,595.55		21,489.32					
Textbooks	50,781.26			\$ 50,781.26				1,106.23
Total Instruction	897,903.61	46,469.00	21,489.32	50,781.26	-	-	-	779,164.03
Support Services:								
Salaries of Supervisors of Instruction								
Salaries of Other Professional Staff								
Personal Services - Employee Benefits	224,278.00							224,278.00
Purchased Professional & Technical Services								
Purchased Professional Educational Services	91,295.62							91,295.62
Other Purchased Services	80,635.50					\$ 80,635.50	\$ 3,585.76	
Supplies and Materials	3,585.76							
Total Support Services	399,794.88	-	-	-	-	80,635.50	3,585.76	315,573.62
Capital Outlay:								
Non-Instructional Equipment	41,500.00	-	-	-	-	-	41,500.00	-
Total Expenditures	\$ 1,339,198.49	\$ 46,469.00	\$ 21,489.32	\$ 50,781.26	\$ 80,635.50	\$ 45,085.76	\$ 1,094,737.65	

(Continued)

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	N.J. Non-Public Handicapped Services Ch. 193				N.J. Non-Public Auxiliary Services Ch. 192		
	Total Carried Forward	Supplemental Instruction	Examination and Classification	Corrective Speech	Compensatory Education	English as a Second Language	Total Brought Forward
REVENUES:							
Federal Sources							
State Sources	\$ 1,093,631.42	\$ 23,619.47	\$ 53,570.10	\$ 12,906.05	\$ 197,882.22	\$ 14,798.70	\$ 790,854.88
Local Sources	1,106.23						1,106.23
Total Revenues	\$ 1,094,737.65	\$ 23,619.47	\$ 53,570.10	\$ 12,906.05	\$ 197,882.22	\$ 14,798.70	\$ 791,961.11
EXPENDITURES:							
Instruction:							
Salaries of Teachers	\$ 427,015.00						\$ 427,015.00
Other Salaries for Instruction	128,196.00						128,196.00
Purchased Professional & Technical Services	222,846.80				\$ 197,882.22	\$ 14,798.70	10,165.88
Purchased Professional Educational Services							
Tuition							
General Supplies	1,106.23						1,106.23
Textbooks							
Total Instruction	779,164.03	-	-	-	197,882.22	14,798.70	566,483.11
Support Services:							
Salaries of Supervisors of Instruction							
Salaries of Other Professional Staff	224,278.00						224,278.00
Personal Services - Employee Benefits							
Purchased Professional & Technical Services	91,295.62	\$ 23,619.47	\$ 53,570.10	\$ 12,906.05			1,200.00
Purchased Professional Educational Services							
Other Purchased Services							
Supplies and Materials							
Total Support Services	315,573.62	23,619.47	53,570.10	12,906.05	-	-	225,478.00
Capital Outlay:							
Non-Instructional Equipment	-	-	-	-	-	-	-
Total Expenditures	\$ 1,094,737.65	\$ 23,619.47	\$ 53,570.10	\$ 12,906.05	\$ 197,882.22	\$ 14,798.70	\$ 791,961.11

(Continued)

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	N.J. Non-Public Auxiliary Services				
	Ch. 192				Sustainable New Jersey Grant
	Total Carried Forward	Home Instruction	Transportation	Preschool Education Aid	
REVENUES:					
Federal Sources					
State Sources	\$ 790,854.88	\$ 6,165.60	\$ 4,000.28	\$ 780,689.00	\$ 1,106.23
Local Sources	1,106.23				
Total Revenues	<u>\$ 791,961.11</u>	<u>\$ 6,165.60</u>	<u>\$ 4,000.28</u>	<u>\$ 780,689.00</u>	<u>\$ 1,106.23</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 427,015.00			\$ 427,015.00	
Other Salaries for Instruction	128,196.00			128,196.00	
Purchased Professional & Technical Services	10,165.88	\$ 6,165.60	\$ 4,000.28		
Purchased Professional Educational Services					
Tuition					
General Supplies	1,106.23				\$ 1,106.23
Textbooks					
Total Instruction	<u>566,483.11</u>	<u>6,165.60</u>	<u>4,000.28</u>	<u>555,211.00</u>	<u>1,106.23</u>
Support Services:					
Salaries of Supervisors of Instruction					
Salaries of Other Professional Staff					
Personal Services - Employee Benefits	224,278.00			224,278.00	
Purchased Professional & Technical Services					
Purchased Professional Educational Services	1,200.00			1,200.00	
Other Purchased Services					
Supplies and Materials					
Total Support Services	<u>225,478.00</u>	<u>-</u>	<u>-</u>	<u>225,478.00</u>	<u>-</u>
Capital Outlay:					
Non-Instructional Equipment	-	-	-	-	-
Total Expenditures	<u>\$ 791,961.11</u>	<u>\$ 6,165.60</u>	<u>\$ 4,000.28</u>	<u>\$ 780,689.00</u>	<u>\$ 1,106.23</u>

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Special Revenue Fund
Schedule of Preschool Education Aid
Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 427,015.00	\$ 427,015.00	
Other Salaries for Instruction	128,196.00	128,196.00	
Total Instruction	555,211.00	555,211.00	-
Support Services:			
Employee Benefits	224,278.00	224,278.00	
Purchased Professional Educational Services	2,095.00	1,200.00	\$ 895.00
Total Support Services	226,373.00	225,478.00	895.00
Total Expenditures	\$ 781,584.00	\$ 780,689.00	\$ 895.00
<u>Calculation of Budget and Carryover</u>			
Total Revised 2016-2017 Preschool Education Aid Allocation		\$ 774,530.00	
Add: Actual ECPA Carryover (June 30, 2016)		32,170.04	
Add: Budgeted Transfer from the General Fund 2016-2017		-	
Total Preschool Education Aid Funds Available for 2016-2017 Budget		806,700.04	
Less: 2016-2017 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)		(781,584.00)	
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2017		25,116.04	
Add: 2016-2017 Unexpended Preschool Education Aid		895.00	
Less: 2016-2017 Commissioner Approved Transfer to General Fund		-	
2016-2017 Carryover -- Preschool Education Aid		\$ 26,011.04	
2016-2017 Preschool Education Aid Carryover Budgeted in 2017-2018		\$ 25,116.00	

CAPITAL PROJECTS FUND

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 For the Fiscal Year Ended June 30, 2017

<u>Project Title / Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Cancellations</u>	<u>Unexpended Balance June 30, 2017</u>
			<u>Prior Years</u>	<u>Current Year</u>		
Senior High School Roof Replacement	1/6/2014	\$ 3,915,420.00	\$ 3,175,363.98			\$ 740,056.02
Roosevelt Parking Lot	7/1/2014	150,000.00			\$ 150,000.00	
Senior High School Upgrade to Front Entrance	7/1/2014	175,000.00			175,000.00	
Middle School Flooring Removal	7/1/2014	150,000.00			150,000.00	
Administration Building Asphalt Replacement	7/1/2015	240,000.00			240,000.00	
Energy Savings Improvement Program	8/17/2016	6,685,000.00		\$ 1,405,612.08		5,279,387.92
Total		<u>\$ 11,315,420.00</u>	<u>\$ 3,175,363.98</u>	<u>\$ 1,405,612.08</u>	<u>\$ 715,000.00</u>	<u>\$ 6,019,443.94</u>
Reconciliation to Governmental Funds Statements (GAAP):						
Unexpended Balance as of June 30, 2017						\$ 6,019,443.94
SDA Grant Revenue Not Recognized on GAAP Basis						(392,056.97)
						<u>\$ 5,627,386.97</u>
Canceled to General Fund - Capital Reserve						
Canceled to General Fund - Capital Outlay Legally Restricted					\$ 240,000.00	
					<u>475,000.00</u>	
					<u>\$ 715,000.00</u>	

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

Capital Project Funds

Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance -- Budgetary Basis
For the Fiscal Year Ended June 30, 2017**Revenues and Other Financing Sources**

State Sources--SDA Grant		
Bond Proceeds and Transfers		
Proceeds from Lease Purchase	\$ 6,685,000.00	
Transfer from Capital Reserve		
Transfer from Capital Outlay		
	<hr/>	
Total Revenues		<u>\$ 6,685,000.00</u>

Expenditures and Other Financing Uses

Expenditures:		
Construction Services		<u>1,405,612.08</u>
Other Financing Uses:		
Transfer to General Fund -- Capital Reserve	240,000.00	
Transfer to General Fund -- Capital Outlay Legally Restricted	<u>475,000.00</u>	
Total Other Financing Uses		<u>715,000.00</u>
Total Expenditures and Other Financing Uses		<u>2,120,612.08</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures	4,564,387.92
---	--------------

Fund Balance -- July 1	<u>1,455,056.02</u>
------------------------	---------------------

Fund Balance -- June 30	<u><u>\$ 6,019,443.94</u></u>
-------------------------	-------------------------------

Reconciliation to Governmental Funds Statements (GAAP):

Fund Balance as of June 30, 2017	\$ 6,019,443.94
SDA Grant Revenue Not Recognized on GAAP Basis	<u>(392,056.97)</u>

Fund Balance per Governmental Funds (GAAP)	<u><u>\$ 5,627,386.97</u></u>
--	-------------------------------

Note: For F-2 Exhibits, SDA Grant awards are recognized as revenue and encumbrances are not included in expenditures.

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status
 Senior High School Roof Replacement
 From Inception and for the Fiscal Year Ended June 30, 2017

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources--SDA Grant	\$ 2,475,144.00		\$ 2,475,144.00	\$ 2,475,144.00
Proceeds from Lease Purchase				
Transfer from (to) Other Local Projects				
Transfer from Capital Reserve				
Transfer from Capital Outlay	1,440,276.00		1,440,276.00	1,440,276.00
Total Revenues	3,915,420.00	-	3,915,420.00	3,915,420.00
Expenditures and Other Financing Uses				
Other Purchased Professional and Technical Services	46,885.60		46,885.60	187,542.40
Construction Services	3,128,478.38		3,128,478.38	3,727,877.60
Transfer to General Fund -- Capital Outlay				
Transfer to General Fund -- Capital Reserve				
Total Expenditures	3,175,363.98	-	3,175,363.98	3,915,420.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 740,056.02	-	\$ 740,056.02	-
Encumbered			\$ 79,152.62	
Designated for Subsequent Years Expenditures			660,903.40	
			\$ 740,056.02	

Additional Project Information:

Project Number	4060-050-14-1003-G04
Grant Date	1/6/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Proceeds from Lease Purchase	N/A
Original Authorized Cost	\$ 3,915,420.00
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 3,915,420.00
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	81.10%
Original Target Completion Date	8/31/2015
Revised Target Completion Date	6/30/2019

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status
 Roosevelt Parking Lot
 From Inception and for the Fiscal Year Ended June 30, 2017

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources--SDA Grant				
Proceeds from Lease Purchase				
Transfer from (to) Other Local Projects	\$ (150,000.00)		\$ (150,000.00)	\$ (150,000.00)
Transfer from Capital Reserve				
Transfer from Capital Outlay	300,000.00		300,000.00	300,000.00
	<u>150,000.00</u>	<u>-</u>	<u>150,000.00</u>	<u>150,000.00</u>
Total Revenues				
Expenditures and Other Financing Uses				
Other Purchased Professional and Technical Services				
Construction Services				
Transfer to General Fund -- Capital Outlay		\$ 150,000.00	150,000.00	150,000.00
Transfer to General Fund -- Capital Reserve				
	<u>-</u>	<u>150,000.00</u>	<u>150,000.00</u>	<u>150,000.00</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 150,000.00</u>	<u>\$ (150,000.00)</u>	<u>-</u>	<u>-</u>

Additional Project Information:

Project Number	4060-180-16-1000
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Proceeds from Lease Purchase	N/A
Original Authorized Cost	\$ 300,000.00
Additional Authorized Cost	\$ (150,000.00)
Revised Authorized Cost	\$ 150,000.00
Percentage Increase over Original Authorized Cost	-50.00%
Percentage Completion	100.00%
Original Target Completion Date	9/30/2016
Revised Target Completion Date	6/30/2017

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status
 Senior High School Upgrade to Front Entrance
 From Inception and for the Fiscal Year Ended June 30, 2017

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources--SDA Grant				
Proceeds from Lease Purchase				
Transfer from (to) Other Local Projects				
Transfer from Capital Reserve				
Transfer from Capital Outlay	\$ 175,000.00		\$ 175,000.00	\$ 175,000.00
Total Revenues	175,000.00	-	175,000.00	175,000.00
Expenditures and Other Financing Uses				
Other Purchased Professional and Technical Services				
Construction Services				
Transfer to General Fund -- Capital Outlay		\$ 175,000.00	175,000.00	175,000.00
Transfer to General Fund -- Capital Reserve				
Total Expenditures	-	175,000.00	175,000.00	175,000.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 175,000.00	\$ (175,000.00)	-	-

Additional Project Information:

Project Number	Unavailable
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Proceeds from Lease Purchase	N/A
Original Authorized Cost	\$ 175,000.00
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 175,000.00
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	9/30/2016
Revised Target Completion Date	6/30/2017

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status
 Middle School Flooring Removal
 From Inception and for the Fiscal Year Ended June 30, 2017

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources--SDA Grant				
Proceeds from Lease Purchase				
Transfer from (to) Other Local Projects				
Transfer from Capital Reserve				
Transfer from Capital Outlay	\$ 150,000.00		\$ 150,000.00	\$ 150,000.00
Total Revenues	150,000.00	-	150,000.00	150,000.00
Expenditures and Other Financing Uses				
Other Purchased Professional and Technical Services				
Construction Services				
Transfer to General Fund -- Capital Outlay		\$ 150,000.00	150,000.00	150,000.00
Transfer to General Fund -- Capital Reserve				
Total Expenditures	-	150,000.00	150,000.00	150,000.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 150,000.00	\$ (150,000.00)	-	-

Additional Project Information:

Project Number	4060-055-16-1000
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Proceeds from Lease Purchase	N/A
Original Authorized Cost	\$ 150,000.00
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 150,000.00
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	9/30/2016
Revised Target Completion Date	6/30/2017

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status
 Administration Building Asphalt Replacement
 From Inception and for the Fiscal Year Ended June 30, 2017

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources--SDA Grant				
Proceeds from Lease Purchase				
Transfer from (to) Other Local Projects				
Transfer from Capital Reserve	\$ 240,000.00		\$ 240,000.00	\$ 240,000.00
Transfer from Capital Outlay				
Total Revenues	240,000.00	-	240,000.00	240,000.00
Expenditures and Other Financing Uses				
Other Purchased Professional and Technical Services				
Construction Services				
Transfer to General Fund -- Capital Outlay				
Transfer to General Fund -- Capital Reserve		\$ 240,000.00	240,000.00	240,000.00
Total Expenditures	-	240,000.00	240,000.00	240,000.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 240,000.00	\$ (240,000.00)	-	-

Additional Project Information:

Project Number	Unavailable
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Proceeds from Lease Purchase	N/A
Original Authorized Cost	\$ 240,000.00
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 240,000.00
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	6/30/2017

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status
 Energy Savings Improvement Program
 From Inception and for the Fiscal Year Ended June 30, 2017

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources--SDA Grant				
Proceeds from Lease Purchase		\$ 6,685,000.00	\$ 6,685,000.00	\$ 6,685,000.00
Transfer from (to) Other Local Projects				
Transfer from Capital Reserve				
Transfer from Capital Outlay				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	-	6,685,000.00	6,685,000.00	6,685,000.00
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures and Other Financing Uses				
Other Purchased Professional and Technical Services				
Construction Services		1,405,612.08	1,405,612.08	6,685,000.00
Transfer to General Fund -- Capital Outlay				
Transfer to General Fund -- Capital Reserve				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	-	1,405,612.08	1,405,612.08	6,685,000.00
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	\$ 5,279,387.92	\$ 5,279,387.92	-
	<hr/>	<hr/>	<hr/>	<hr/>
Encumbered			\$ 5,236,170.92	
Designated for Subsequent Years Expenditures			43,217.00	
			<hr/>	
			\$ 5,279,387.92	
			<hr/>	

Additional Project Information:

Project Number	Unavailable
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Proceeds from Lease Purchase	\$ 6,685,000.00
Original Authorized Cost	\$ 6,685,000.00
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 6,685,000.00
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	21.03%
Original Target Completion Date	6/30/2019

PROPRIETARY FUNDS

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Proprietary Fund
 Business Type Activities - Enterprise Fund
 Statement of Net Position
 June 30, 2017

	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 884,883.70
Accounts Receivable:	
State	1,266.63
Federal	106,056.83
Other	4,143.98
Inventories	<u>45,914.43</u>
Total Current Assets	<u>1,042,265.57</u>
Noncurrent Assets:	
Capital Assets:	
Equipment	1,693,976.33
Less Accumulated Depreciation	<u>(1,339,671.59)</u>
Total Noncurrent Assets	<u>354,304.74</u>
Total Assets	<u>1,396,570.31</u>
LIABILITIES:	
Current Liabilities:	
Interfund Accounts Payable:	
Due General Fund	282,189.39
Accounts Payable	16,772.33
Unearned Revenue	24,792.96
Compensated Absences Payable	<u>8,673.69</u>
Total Current Liabilities	<u>332,428.37</u>
Noncurrent Liabilities:	
Compensated Absences Payable	<u>34,694.75</u>
Total Liabilities	<u>367,123.12</u>
NET POSITION:	
Net Investment in Capital Assets	354,304.74
Unrestricted	<u>675,142.45</u>
Total Net Position	<u>\$ 1,029,447.19</u>

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Proprietary Fund
Business Type Activities - Enterprise Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2017

	<u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs:	
School Lunch Program	\$ 381,332.80
School Breakfast Program	28,785.11
Special Milk Program	3,638.40
Daily Sales - Non-Reimbursable Programs	269,904.07
Miscellaneous	15,134.49
Special Functions	<u>16,973.75</u>
Total Operating Revenues	<u>715,768.62</u>
OPERATING EXPENSES:	
Salaries	828,229.14
Employee Benefits	572,083.11
General Supplies	94,984.80
Other Purchased Services	44,780.43
Depreciation	49,017.66
Utilities	114,689.93
Cost of Sales - Reimbursable Programs	1,147,104.27
Cost of Sales - Non-Reimbursable Programs	123,466.93
Miscellaneous	<u>705.22</u>
Total Operating Expenses	<u>2,975,061.49</u>
Operating Income / (Loss)	<u>(2,259,292.87)</u>
NONOPERATING REVENUES (EXPENSES):	
State Sources:	
State School Lunch Program	32,893.52
Federal Sources:	
National School Lunch Program	1,554,873.98
National School Breakfast Program	565,153.64
Special Milk Program	3,566.27
Food Distribution Program	183,829.59
Fresh Fruit and Vegetable Program	51,857.07
Interest Revenue	<u>2,617.22</u>
Total Nonoperating Revenues (Expenses)	<u>2,394,791.29</u>
Change in Net Position	135,498.42
Net Position -- July 1	<u>893,948.77</u>
Net Position -- June 30	<u>\$ 1,029,447.19</u>

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Proprietary Fund
Business Type Activities - Enterprise Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 731,104.30
Payments to Employees	(827,242.53)
Payments for Employee Benefits	(572,083.11)
Payments for Supplies and Services	<u>(1,545,628.62)</u>
Net Cash Provided by (used for) Operating Activities	<u>(2,213,849.96)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
State Sources	37,119.90
Federal Sources	2,625,863.93
Operating Subsidies and Transfers	<u>(298,254.63)</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>2,364,729.20</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of Capital Assets	<u>(17,615.00)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Revenue	<u>2,617.22</u>
Net Increase (Decrease) in Cash and Cash Equivalents	135,881.46
Cash and Cash Equivalents -- July 1	<u>749,002.24</u>
Cash and Equivalents -- June 30	<u><u>\$ 884,883.70</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (2,259,292.87)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:	
Depreciation	49,017.66
(Increase) Decrease in Inventories	(3,371.92)
Increase (Decrease) in Accounts Payable	(18,525.12)
Increase (Decrease) in Unearned Revenue	6,258.60
Increase (Decrease) in Accrued Salary Benefits	986.61
(Increase) Decrease in Accounts Receivable	<u>11,077.08</u>
Total Adjustments	<u>45,442.91</u>
Net Cash Provided by (used for) Operating Activities	<u><u>\$ (2,213,849.96)</u></u>

FIDUCIARY FUNDS

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2017

	Private Purpose Trust Funds		Agency Funds		
	Scholarship Trust	Unemployment Compensation Trust	Student Activity	Payroll	Total
ASSETS:					
Cash and Cash Equivalents	\$ 30,898.05	\$ 352,998.91	\$ 209,680.55	\$ 317,230.78	\$ 910,808.29
Interfund Receivable:					
Due Agency Fund -- Payroll		99,465.32			99,465.32
Total Assets	30,898.05	452,464.23	\$ 209,680.55	\$ 317,230.78	1,010,273.61
LIABILITIES:					
Accounts Payable		7,819.67			7,819.67
Interfund Accounts Payable:					
Due Unemployment Fund				\$ 99,465.32	99,465.32
Due Permanent Fund			\$ 846.59		846.59
Due General Fund	970.00	82,338.39		149,607.17	232,915.56
Payable to Student Groups			208,833.96		208,833.96
Payroll Deductions and Withholdings				68,158.29	68,158.29
Total Liabilities	970.00	90,158.06	\$ 209,680.55	\$ 317,230.78	618,039.39
NET POSITION:					
Held in Trust for Unemployment Claims and Other Purposes	\$ 29,928.05	\$ 362,306.17			\$ 392,234.22

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2017

	Private Purpose Trust Funds		
	Scholarship <u>Trust</u>	Unemployment Compensation <u>Trust</u>	<u>Total</u>
ADDITIONS:			
Contributions and Donations from			
Payroll Deductions Withheld			
Scholarship Donations	\$ 14,065.15	\$ 76,787.21	\$ 76,787.21
Investment Earnings:			
Interest	83.98	1,015.83	1,099.81
Total Additions	14,149.13	77,803.04	91,952.17
DEDUCTIONS:			
Scholarship Awards	9,071.45		9,071.45
Unemployment Claims		105,090.78	105,090.78
Total Deductions	9,071.45	105,090.78	114,162.23
Change in Net Position	5,077.68	(27,287.74)	(22,210.06)
Net Position -- July 1	24,850.37	389,593.91	414,444.28
Net Position -- June 30	\$ 29,928.05	\$ 362,306.17	\$ 392,234.22

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Fiduciary Funds
 Student Activity Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2017

	<u>Balance June 30, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2017</u>
GENERAL	\$ 81,199.11	\$ 37,260.14	\$ 62,389.96	\$ 56,069.29
ELEMENTARY SCHOOLS	-	8,450.76	4,822.42	3,628.34
MIDDLE SCHOOL	21,054.17	48,155.39	48,094.64	21,114.92
INTERMEDIATE SCHOOL	7,236.34	15,583.36	13,745.60	9,074.10
SENIOR HIGH SCHOOL:				
Pennsauken High School	92,315.04	259,059.06	244,989.83	106,384.27
Student Athletics	1,104.95	56,647.80	45,189.71	12,563.04
Total High School	93,419.99	315,706.86	290,179.54	118,947.31
Total All Schools	\$ 202,909.61	\$ 425,156.51	\$ 419,232.16	\$ 208,833.96

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Fiduciary Funds
 Payroll Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2017

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
ASSETS:				
Cash and Cash Equivalents	<u>\$ 1,125,876.20</u>	<u>\$ 53,707,515.13</u>	<u>\$ 54,516,160.55</u>	<u>\$ 317,230.78</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 496,832.93	\$ 23,925,780.91	\$ 24,354,455.55	\$ 68,158.29
Net Payroll		29,692,217.62	29,692,217.62	
Interfund Accounts Payable:				
Expendable Trust Fund	99,184.51	76,787.21	76,506.40	99,465.32
Food Service Fund	6,114.09		6,114.09	
General Fund	<u>523,744.67</u>	<u>12,729.39</u>	<u>386,866.89</u>	<u>149,607.17</u>
Total Liabilities	<u>\$ 1,125,876.20</u>	<u>\$ 53,707,515.13</u>	<u>\$ 54,516,160.55</u>	<u>\$ 317,230.78</u>

LONG-TERM DEBT

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

Schedule of Serial Bonds

For the Fiscal Year Ended June 30, 2017

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2016</u>	<u>Issued</u>	<u>Disbursed</u>	<u>Balance June 30, 2017</u>
School District Refunding Bonds -- Series 2014	12/10/2014	\$ 13,555,000.00	4-1-18	\$ 3,500,000.00	4.00%	\$ 10,385,000.00	-	\$ 3,320,000.00	\$ 7,065,000.00
			4-1-19	3,565,000.00	4.00%				

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Schedule of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2017

<u>Series</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Issue</u> <u>Principal</u>	<u>Interest</u> <u>Rate</u> <u>Payable</u>	<u>Amount Outstanding June 30, 2016 (a)</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2017 (a)</u>
Energy Savings Improvement Program	8-17-16	15 Years	\$ 6,685,000.00	\$ 1,277,244.97	2.158%	\$ -	\$ 6,685,000.00	\$ -
						\$ 6,685,000.00		\$ 6,685,000.00

(a) Future Interest Payments Removed from Carrying Value of Leases.

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Debt Service Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,765,092.00		\$ 1,765,092.00	\$ 1,765,092.00	
State Sources:					
Debt Service Aid Type II	1,358,941.00		1,358,941.00	1,358,941.00	
Total Revenues	3,124,033.00	-	3,124,033.00	3,124,033.00	-
EXPENDITURES:					
Regular Debt Service:					
Interest	415,400.00		415,400.00	415,400.00	
Redemption of Principal	3,320,000.00		3,320,000.00	3,320,000.00	
Total Expenditures	3,735,400.00	-	3,735,400.00	3,735,400.00	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(611,367.00)	-	(611,367.00)	(611,367.00)	-
Other Financing Sources:					
Transfer from Capital Reserve	450,000.00	-	450,000.00	450,000.00	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(161,367.00)	-	(161,367.00)	(161,367.00)	-
Fund Balance, July 1	161,367.33	-	161,367.33	161,367.33	-
Fund Balance, June 30	\$ 0.33	-	\$ 0.33	\$ 0.33	-

STATISTICAL SECTION

Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance.

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Net Position by Component
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities:										
Net Investment in Capital Assets	\$ 35,170,017.39	\$ 39,102,374.55	\$ 35,626,094.86	\$ 29,398,954.36	\$ 23,124,444.38	\$ 18,597,789.17	\$ 15,978,876.45	\$ 13,651,296.15	\$ 10,475,418.98	\$ 9,514,902.50
Restricted	28,912,987.12	19,449,838.03	18,150,270.56	18,702,639.09	16,807,945.72	17,088,644.02	12,974,059.20	15,602,679.42	19,513,829.69	16,451,763.94
Unrestricted (Deficit)	(34,259,383.97)	(30,423,489.47)	(32,598,950.66)	(6,318,706.08)	(4,130,627.88)	(3,928,760.23)	(1,588,429.57)	(4,325,164.94)	(2,090,814.90)	(1,169,231.98)
Total Governmental Activities Net Position	\$ 29,823,620.54	\$ 28,128,723.11	\$ 21,177,414.76	\$ 41,782,887.37	\$ 35,801,762.22	\$ 31,757,672.96	\$ 27,364,506.08	\$ 24,928,810.63	\$ 27,898,433.77	\$ 24,797,434.46
Business-type Activities:										
Net Investment in Capital Assets	\$ 354,304.74	\$ 385,707.40	\$ 338,302.56	\$ 376,618.30	\$ 430,426.35	\$ 500,968.49	\$ 473,326.49	\$ 546,666.92	\$ 519,804.60	\$ 529,027.97
Unrestricted (Deficit)	675,142.45	508,241.37	553,601.35	591,993.53	447,970.78	381,663.04	523,021.35	592,161.07	654,165.38	730,794.19
Total Business-type Activities Net Position	\$ 1,029,447.19	\$ 893,948.77	\$ 891,903.91	\$ 968,611.83	\$ 878,397.13	\$ 882,631.53	\$ 996,347.84	\$ 1,138,827.99	\$ 1,173,969.98	\$ 1,259,822.16
Government-wide:										
Net Investment in Capital Assets	\$ 35,524,322.13	\$ 39,488,081.95	\$ 35,964,397.42	\$ 29,775,572.66	\$ 23,554,870.73	\$ 19,098,757.66	\$ 16,452,202.94	\$ 14,197,963.07	\$ 10,995,223.58	\$ 10,043,930.47
Restricted	28,912,987.12	19,449,838.03	18,150,270.56	18,702,639.09	16,807,945.72	17,088,644.02	12,974,059.20	15,602,679.42	19,513,829.69	16,451,763.94
Unrestricted (Deficit)	(33,584,241.52)	(29,915,248.10)	(32,045,349.31)	(5,726,712.55)	(3,682,657.10)	(3,547,097.19)	(1,065,408.22)	(3,733,003.87)	(1,436,649.52)	(438,437.79)
Total Government-wide Net Position	\$ 30,853,067.73	\$ 29,022,671.88	\$ 22,089,318.67	\$ 42,751,499.20	\$ 36,680,159.35	\$ 32,640,304.49	\$ 28,360,853.92	\$ 26,067,638.62	\$ 29,072,403.75	\$ 26,057,256.62

For the fiscal year ended June 30, 2015, the School District adopted GASBS No's. 68 and 71, which required the School District to record its proportionate share of the net pension liability and related deferred outflows and inflows of resources in the government-wide financial statements. Balances prior to June 30, 2015 are shown as originally reported and have not been restated for this adoption.

Source: Exhibit A-1

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 22,771,676.81	\$ 23,124,832.46	\$ 24,725,446.31	\$ 23,844,608.39	\$ 24,084,302.80	\$ 24,083,201.49	\$ 23,753,650.27	\$ 24,748,039.50	\$ 24,056,366.72	\$ 20,034,160.34
Special Education	9,575,467.37	9,514,466.29	9,244,956.80	8,680,173.44	8,827,477.21	9,446,366.00	10,084,115.04	10,334,044.03	9,861,586.40	11,294,145.13
Other Special Education	1,342,823.68	701,368.56	594,090.69	389,029.50	406,592.66	437,210.26	755,374.31	908,311.71	354,986.47	278,403.18
Other Instruction	1,330,115.73	1,126,398.82	1,202,434.37	1,185,925.72	1,120,288.39	1,262,800.83	779,026.57	826,136.89	780,783.20	796,670.08
Tuition	10,267,822.57	9,620,422.54	9,637,485.76	8,656,264.36	8,389,161.81	7,948,474.60	8,033,185.23	8,499,180.99	7,516,143.47	6,534,047.81
Support Services:										
Student and Instruction Related Services	8,197,632.13	7,607,191.51	7,009,893.76	6,444,151.75	6,558,433.51	6,676,305.43	6,610,873.26	8,315,875.23	6,975,497.37	7,186,050.24
School Administrative Services	2,738,953.35	2,654,634.75	2,521,887.13	2,711,107.89	2,808,422.21	2,779,594.88	2,866,973.97	3,019,863.09	2,839,906.56	2,589,262.78
Other Administrative Services	2,474,160.42	2,397,953.81	2,572,935.00	3,096,789.20	3,217,723.50	3,060,287.23	2,801,744.46	3,346,520.25	3,456,421.76	3,060,373.20
Plant Operations and Maintenance	8,671,102.79	8,547,332.57	8,645,523.57	9,475,486.53	8,786,906.68	8,521,054.59	8,516,377.76	9,379,751.77	8,173,792.39	7,927,311.89
Pupil Transportation	5,437,486.65	5,107,036.63	5,284,782.51	4,494,416.21	4,503,529.68	4,960,279.97	4,041,299.06	4,285,504.41	4,054,252.39	4,576,776.18
Unallocated Benefits	39,182,267.13	17,321,683.31	16,101,151.05	16,401,704.17	16,895,182.69	16,906,273.85	17,099,436.71	15,274,480.08	15,296,838.48	11,772,318.39
Reimbursed TPAF and Social Security	5,636,389.56	8,331,066.77	7,383,515.97	6,490,899.54	7,764,947.73	6,298,859.40	5,296,018.07	5,250,311.44	5,020,100.70	7,814,589.21
Special Schools										
Transfer to Charter Schools	3,725,444.00	3,363,325.00	2,813,640.00	2,380,337.00	1,988,577.00	1,802,172.00	1,579,217.00	1,471,433.00	1,165,467.00	158,052.59
Interest on Long-term Debt	484,135.76	472,972.63	460,659.96	882,344.47	1,017,779.60	1,126,243.76	1,238,117.91	1,323,685.50	1,410,227.61	894,015.00
Amortization of Bond Issuance Costs			127,905.03		143,465.00	20,495.00	20,495.00	29,915.49	55,622.02	1,525,043.71
Unallocated Depreciation				132,741.00				60,053.22	150,512.22	55,622.02
Total Governmental Activities Expenses	121,835,497.95	99,890,705.85	98,326,277.91	95,265,949.17	96,512,790.47	95,349,619.29	93,375,904.62	97,074,912.60	91,347,551.08	86,703,971.71
Business-type Activities:										
Food Service	2,975,061.49	3,225,480.13	3,362,986.53	2,926,370.70	2,975,593.86	3,137,200.51	2,910,532.81	2,880,471.08	2,730,574.13	2,722,224.75
Total Business-type Activities Expense	2,975,061.49	3,225,480.13	3,362,986.53	2,926,370.70	2,975,593.86	3,137,200.51	2,910,532.81	2,880,471.08	2,730,574.13	2,722,224.75
Total Government Expenses	\$ 124,810,559.44	\$ 103,116,185.78	\$ 101,689,264.44	\$ 98,192,319.87	\$ 99,488,384.33	\$ 98,486,819.80	\$ 96,286,437.43	\$ 99,965,383.68	\$ 94,078,125.21	\$ 89,426,202.46
Program Revenues:										
Governmental Activities:										
Charges for Services	\$ 489,786.86	\$ 604,374.35	\$ 1,021,182.47	\$ 1,240,575.61	\$ 1,006,104.75	\$ 1,072,590.56	\$ 618,550.00	\$ 681,545.45	\$ 733,133.47	\$ 727,991.60
Operating Grants and Contributions	30,652,833.17	13,829,637.04	12,604,759.28	11,806,629.98	12,842,217.91	12,079,991.82	12,004,801.98	12,393,472.52	10,247,068.19	17,733,582.97
Capital Grants and Contributions			11,280.00						10,000.00	
Total Governmental Activities Program Revenues	31,142,620.03	14,434,011.39	13,637,221.75	13,047,205.59	13,848,322.66	13,152,582.18	12,623,351.98	13,075,017.97	10,990,201.66	18,461,574.57

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Program Revenues (Cont'd):										
Business-type activities:										
Charges for services:										
Food service	\$ 715,768.62	\$ 777,301.73	\$ 768,053.84	\$ 796,238.22	\$ 813,392.07	\$ 842,124.29	\$ 871,226.85	\$ 856,395.74	\$ 885,715.79	\$ 953,026.90
Capital Grants and Contributions	2,392,174.07	2,449,151.23	2,517,062.38	2,219,112.96	2,149,752.37	2,063,412.02	1,895,317.67	1,932,487.02	1,734,327.27	1,657,427.44
Operating Grants and Contributions										
Total Business-type Activities Program Revenues	\$ 3,107,942.69	\$ 3,226,452.96	\$ 3,285,116.22	\$ 3,015,351.18	\$ 2,963,144.44	\$ 3,013,036.31	\$ 2,766,544.52	\$ 2,846,041.96	\$ 2,624,784.06	\$ 2,611,025.34
Total Government Program Revenues	\$ 34,250,562.72	\$ 17,680,464.35	\$ 16,922,337.97	\$ 16,062,556.77	\$ 16,811,467.10	\$ 16,165,618.49	\$ 15,389,896.50	\$ 15,921,059.93	\$ 13,614,985.72	\$ 21,072,599.91
Net (Expense)/Revenue:										
Governmental Activities	\$ (90,692,877.92)	\$ (85,456,694.26)	\$ (84,686,056.16)	\$ (82,218,743.58)	\$ (82,664,467.81)	\$ (82,197,037.11)	\$ (80,752,552.64)	\$ (83,999,894.63)	\$ (80,357,349.42)	\$ (68,242,403.14)
Business-type Activities	132,881.20	972.83	(77,870.31)	88,980.48	(12,449.42)	(124,164.20)	(143,988.29)	(44,429.12)	(105,790.07)	(111,199.41)
Total Government-wide Net Expense	\$ (90,559,996.72)	\$ (85,455,721.43)	\$ (84,766,926.47)	\$ (82,129,763.10)	\$ (82,676,917.23)	\$ (82,321,201.31)	\$ (80,896,540.93)	\$ (84,044,323.75)	\$ (80,463,139.49)	\$ (68,353,602.55)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 38,479,796.00	\$ 37,284,104.00	\$ 35,323,974.00	\$ 35,323,974.00	\$ 34,631,347.00	\$ 34,631,347.00	\$ 34,631,347.00	\$ 34,260,911.00	\$ 34,388,514.00	\$ 34,433,660.00
Taxes Levied for Debt Service	1,765,082.00	2,138,665.00	2,344,933.00	2,368,317.00	2,391,843.00	2,407,910.00	2,428,961.00	2,210,496.00	2,082,893.00	2,037,747.00
Unrestricted Grants and Contributions	49,710,702.62	49,031,333.82	49,275,115.81	48,652,589.64	48,523,393.33	47,912,867.93	45,144,427.29	41,248,283.63	43,800,521.15	32,937,112.02
Restricted Grants and Contributions	1,593,280.25	3,279,300.93	2,941,290.99	1,363,007.04	1,083,696.68	1,188,406.05	650,934.93	2,871,886.86	1,203,734.00	1,825,810.56
Investment Earnings	79,258.76	16,609.27	127,905.03	2,282.15	28,801.59	99,768.85	103,500.43	320,468.03	320,468.03	567,373.41
Other	759,655.72	657,989.59	935,296.73	459,284.70	327,258.03	390,675.98	306,938.39	146,774.07	253,155.67	641,530.66
Cancellation of Prior Year Accounts Receivable			(27,654.98)		(288,705.98)	(133,473.75)	(38,359.00)			
Cancellation of Special Revenue Grant Balances			(11,782.03)		10,723.42	235,801.93	(8,501.95)		45,895.95	66,870.06
Cancellation of Payables									1,363,166.93	(0.09)
Transfers						(143,100.00)	(31,000.00)	(28,548.10)		
Total Governmental Activities	92,387,775.35	92,408,002.61	90,909,068.55	88,199,868.73	86,708,557.07	86,590,203.99	83,185,248.09	81,030,271.49	83,458,348.73	72,510,103.62
Business-type Activities:										
Investment Earnings	2,617.22	1,072.03	1,162.39	1,234.22	8,215.02	10,447.89	10,683.82	9,287.13	19,937.89	78,388.45
Cancellation of Prior Year Accounts Receivable							(9,175.68)			
Total Business-type Activities	2,617.22	1,072.03	1,162.39	1,234.22	8,215.02	10,447.89	1,508.14	9,287.13	19,937.89	78,388.45
Total Government-wide	\$ 92,390,392.57	\$ 92,409,074.64	\$ 90,910,230.94	\$ 88,201,102.95	\$ 86,716,772.09	\$ 86,600,651.88	\$ 83,189,756.23	\$ 81,039,558.62	\$ 83,478,286.62	\$ 72,588,492.07
Change in Net Position:										
Governmental Activities	\$ 1,694,897.43	\$ 6,951,308.35	\$ 6,220,012.39	\$ 5,981,125.15	\$ 4,044,089.26	\$ 4,393,166.88	\$ 2,435,695.45	\$ (2,969,623.14)	\$ 3,100,999.31	\$ 4,267,700.48
Business-type Activities	135,498.42	2,044.86	(76,707.92)	90,214.70	(4,234.40)	(113,716.31)	(142,480.15)	(35,141.99)	(85,852.18)	(32,810.96)
Total Government	\$ 1,830,395.85	\$ 6,953,353.21	\$ 6,143,304.47	\$ 6,071,339.85	\$ 4,039,854.86	\$ 4,279,450.57	\$ 2,293,215.30	\$ (3,004,765.13)	\$ 3,015,147.13	\$ 4,234,889.52

For the fiscal year ended June 30, 2015, the School District adopted GASBS No's. 68 and 71, which required the School District to record its proportionate share of the net pension liability and related deferred outflows and inflows of resources in the government-wide financial statements. Balances prior to June 30, 2015 are shown as originally reported and have not been restated for this adoption.

Source: Exhibit A-2

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended, June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund:										
Nonspendable	\$ 160,032.78	\$ 132,851.88	\$ 174,372.11	\$ 200,858.96	\$ 205,893.61	\$ 225,984.14	\$ 183,922.48			
Restricted	23,277,403.88	18,535,134.48	16,009,261.75	17,701,857.94	13,008,621.03	11,420,825.90	10,225,188.53	\$ 12,296,554.20	\$ 17,965,073.28	\$ 13,671,845.56
Assigned	1,257,174.64	2,444,221.01	401,493.41	292,190.94	870,532.08	1,443,502.41	999,822.87			
Unassigned (Deficit)	(2,071,351.91)	(2,298,567.38)	(2,590,630.95)	(2,321,050.34)			2,306,971.42	(344,241.02)	2,002,797.03	1,859,049.93
Total General Fund	\$ 22,623,259.39	\$ 18,813,639.99	\$ 13,994,496.32	\$ 15,873,857.50	\$ 14,085,046.72	\$ 13,090,312.45	\$ 13,715,905.30	\$ 11,952,313.18	\$ 19,967,870.31	\$ 15,530,895.49
All Other Governmental Funds:										
Nonspendable	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00			
Restricted	5,627,583.57	876,547.78	1,734,080.04	791,922.20	2,828,792.98	3,582,259.59	687,181.63	\$ 1,266,534.00	\$ 221,069.87	\$ 8,000.00
Unassigned, Reported in:										
Capital Projects Fund								692,900.00		213,069.87
Special Revenue Fund (Deficit)	(51,441.96)	(47,404.96)			92,437.14	647,061.99	1,133,448.97	1,636,102.03	1,478,431.99	2,588,024.86
Debt Service Fund								2,806.63		
Permanent Fund							1,129.04	1,587.44	2,042.61	2,362.16
Total All Other Governmental Funds	\$ 5,584,141.61	\$ 837,142.82	\$ 1,742,080.04	\$ 799,922.20	\$ 2,929,230.12	\$ 4,237,321.58	\$ 1,829,759.64	\$ 3,599,930.10	\$ 1,701,544.47	\$ 2,811,456.89

In accordance with GASB 54, effective for the fiscal year ended June 30, 2011, the description and terminology utilized to identify fund Balance was changed.

Source: Exhibit B-1

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,										
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	
Revenues:											
Tax Levy	\$ 40,244,878.00	\$ 39,422,769.00	\$ 37,668,897.00	\$ 37,692,291.00	\$ 37,023,190.00	\$ 37,039,257.00	\$ 37,060,308.00	\$ 36,471,407.00	\$ 36,471,407.00	\$ 36,471,407.00	
Other Local Revenue	1,329,807.57	1,278,973.21	1,973,580.20	1,712,525.20	1,367,226.98	1,580,480.89	1,032,690.60	1,156,397.67	1,318,166.57	1,942,055.08	
State Sources	61,752,746.87	61,857,826.17	60,682,776.03	58,240,081.49	58,964,913.98	55,715,687.26	53,221,443.13	43,544,511.44	51,039,883.36	49,796,430.28	
Federal Sources	4,054,752.94	4,282,445.62	4,121,289.05	3,771,762.43	3,479,531.33	5,448,133.04	4,575,019.29	12,961,521.45	4,200,030.58	2,694,915.86	
Total Revenue	107,382,185.38	106,842,014.00	104,446,542.28	101,416,660.12	100,834,862.29	99,783,557.99	95,889,461.02	94,133,837.56	93,029,487.51	90,904,808.22	
Expenditures:											
Instruction											
Regular Instruction	22,154,633.46	22,735,815.59	24,601,305.34	23,241,590.12	23,335,721.43	23,607,222.32	23,521,045.06	24,280,400.46	23,772,340.77	19,657,772.08	
Special Education Instruction	9,016,790.11	9,157,988.28	8,987,144.08	8,287,914.36	8,364,364.02	9,128,820.69	9,812,208.90	10,029,711.10	9,660,030.63	11,066,512.71	
Other Special Instruction	1,342,823.68	701,368.56	594,090.69	389,029.50	406,592.66	437,210.26	755,374.31	908,211.71	354,986.47	278,403.18	
Other Instruction	1,330,115.73	1,126,398.82	1,202,434.37	1,185,925.72	1,120,288.39	1,262,800.83	779,026.57	826,136.89	780,783.20	796,670.08	
Tuition	10,267,822.57	9,620,422.54	9,637,485.76	8,656,264.36	8,389,161.81	7,948,474.60	8,033,185.23	8,499,180.99	7,516,143.47	6,534,047.81	
Support Services:											
Student and Instruction Related Services	7,927,007.13	7,403,264.51	6,805,849.76	6,369,360.75	6,538,232.51	6,508,547.43	6,499,340.32	8,202,307.23	6,926,583.37	7,136,155.24	
School Administrative Services	2,715,143.35	2,610,661.75	2,527,503.34	2,756,902.72	2,852,777.05	2,777,904.88	2,664,395.97	3,014,467.09	2,832,164.56	2,588,361.78	
Other Administrative Services	2,222,950.92	2,163,538.69	2,369,038.90	2,843,355.16	2,981,466.79	2,874,219.60	2,726,085.46	3,143,796.34	3,292,953.16	2,909,184.18	
Plant Operations and Maintenance	7,296,619.45	7,354,406.91	7,581,679.95	8,215,703.48	7,799,982.52	7,585,757.89	7,740,013.33	8,579,056.39	7,535,148.84	7,148,890.91	
Pupil Transportation	5,161,320.66	4,834,736.62	4,974,448.51	4,218,301.21	4,305,008.68	4,867,736.83	4,068,100.64	4,350,631.59	3,887,590.57	4,530,714.28	
Unallocated Benefits	16,607,530.13	16,769,976.31	16,514,849.05	16,401,704.17	17,089,019.69	16,906,273.85	16,996,442.71	15,274,480.08	13,869,117.48	11,772,318.39	
Reimbursed TPAF Pension and Social Security	9,387,999.56	8,331,086.77	7,383,515.97	6,490,899.54	7,764,947.73	6,298,859.40	5,296,018.07	5,250,311.44	5,020,100.70	7,814,589.21	
Special Schools											
Transfer to Charter Schools	3,725,444.00	3,363,325.00	2,813,640.00	2,380,337.00	1,988,577.00	1,802,172.00	1,579,217.00	1,471,433.00	1,165,467.00	894,015.00	
Debt Service:											
Principal	3,320,000.00	3,170,000.00	3,230,000.00	3,130,000.00	3,040,000.00	2,970,000.00	2,885,000.00	2,895,000.00	2,545,000.00	2,345,000.00	
Interest and Other Charges	415,400.00	510,500.00	515,906.68	816,255.00	945,455.02	1,046,904.80	1,162,305.00	1,279,055.00	1,388,105.00	1,502,855.00	
Bond Issuance Costs			127,905.03								
Capital Outlay	2,618,986.44	3,074,317.20	5,578,929.36	6,198,993.72	3,928,551.09	2,224,923.56	1,309,838.94	2,671,310.23	562,607.21	1,046,711.36	
Total Expenditures	105,510,567.19	102,927,807.55	105,445,726.79	101,582,536.81	100,850,146.39	98,247,828.74	95,827,597.51	100,675,589.54	91,288,168.75	88,180,253.80	
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,871,618.19	3,914,206.45	(999,184.51)	(165,876.69)	(15,284.10)	1,535,729.25	61,863.51	(6,541,751.98)	1,741,318.76	2,724,554.42	
Other Financing Sources (Uses):											
Capital Leases (Non-budgeted)											
Proceeds from Lease Purchase	6,685,000.00										
Change in Inventory			(26,486.85)	(5,034.65)	(20,090.53)	42,061.66	9,419.10	19,236.58	167,482.00	220,904.97	
Accounts Receivable/Payable Canceled			(27,654.98)	(169,585.80)	(288,705.98)	(133,473.75)	(38,359.00)	45,895.95	9,198.76	(43,531.06)	
Cancellation of Deferred Revenue										39.90	
Cancellation of Special Revenue Grant Balances			(11,782.03)		10,723.42	235,801.93	(8,501.95)			(20,851.00)	
Canceled to Due to Grantor											
Proceeds from Issuance of Refunding Bonds			13,555,000.00								
Premium from Issuance of Refunding Bonds			1,002,412.55								
Defeasance of Bond			(14,150,000.00)								
Loss from Issuance of Refunding Bonds			(804,424.82)								
Unamortized Loss on Bonds			524,917.30								
Transfers In			3,695,836.00								
Transfers Out			(3,695,836.00)								
Total Other Financing Sources (Uses)	6,685,000.00	-	61,981.17	(174,620.45)	(298,073.09)	(35,600.00)	(31,000.00)	1,193,473.00	1,365,375.08	34,631.93	
								(1,222,021.10)	(2,208.15)	(34,632.02)	
Net Change in Fund Balances	\$ 8,556,618.19	\$ 3,914,206.45	\$ (937,203.34)	\$ (340,497.14)	\$ (313,357.19)	\$ 1,781,969.09	\$ (6,578.34)	\$ (6,117,171.50)	\$ 3,327,062.40	\$ 2,968,798.30	
Debt Service as a Percentage of Noncapital Expenditures	3.6%	3.7%	3.9%	4.1%	4.1%	4.2%	4.3%	4.3%	4.3%	4.4%	

Source: Exhibit B-2

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

General Fund - Other Local Revenue by Source
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Rental of School Facilities	\$ 133,775.31	\$ 154,726.50	\$ 215,032.39	\$ 1,000.00	\$ 10,177.00	\$ 16,217.50	\$ 18,035.00	\$ 5,110.00	\$ 9,215.00	\$ 111,652.50
Comcast Tower Rental	22,969.05			54,236.00	19,250.00	22,750.00	21,000.00	19,999.98	18,999.96	20,583.29
Refund of Prior Year Expenditures	138,412.45	66,064.56	92,972.50	56,846.33	75,440.51	92,577.25	50,232.53	43,513.73	64,709.92	272,140.62
Cancellation of Prior Year Accounts Payable		115,526.83		159,992.55						
Other	13,318.81		8,291.19					8,001.01		
Settlement	258,998.96	79,097.39	74,914.55	43,087.68	302.17	12,840.43	20,358.32	3,990.46	9,244.24	26,221.69
Restitution				143,296.67	17,936.77	29,701.34		7,000.00	2,817.19	
Miscellaneous Sales		1,970.22	980.00	818.69					519.31	36,303.32
Transportation Fees										13,890.40
E-Rate Refunds	188,165.32	240,600.66	527,946.71		154,653.50	216,564.37	181,947.38	143,725.06	147,357.09	137,103.41
Nonpublic Grant Administrative Fee	4,000.00				886.70		1,954.56	2,135.96		
NJSBA Safety Award							13,369.00	12,471.00		
Interest Earned on Deposits	79,258.76	16,609.27	15,155.76	2,282.15	77,399.06	99,768.85	103,500.43	218,443.44	320,468.03	567,373.41
Total Miscellaneous Revenues	\$ 838,898.66	\$ 674,595.43	\$ 935,293.10	\$ 461,560.07	\$ 356,045.71	\$ 490,419.74	\$ 410,397.22	\$ 464,390.64	\$ 573,330.74	\$ 1,185,268.64

Source: District Records

Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Year Ended Dec. 31	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	Total Assessed Value	Public Utilities (1)	Net Valuation Taxable	Tax-Exempt Property	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (2)
2017	\$ 27,286,700.00	\$ 1,539,397,100.00	\$ 554,549,700.00	\$ 185,246,300.00	\$ 39,601,100.00	\$ 2,346,080,900.00	\$ 3,970,666.00	\$ 2,350,051,566.00	\$ 449,106,800.00	\$ 2,490,516,708.00	\$ 1.744
2016	24,260,500.00	1,540,472,200.00	559,005,900.00	179,253,200.00	39,549,100.00	2,342,541,900.00	3,901,660.00	2,346,443,560.00	455,250,500.00	2,442,939,677.00	1.697
2015 (R)	24,869,000.00	1,542,080,900.00	574,671,000.00	160,468,300.00	39,638,700.00	2,341,727,900.00	4,038,671.00	2,345,766,571.00	450,370,900.00	2,423,429,001.00	1.644
2014	15,861,900.00	996,054,700.00	380,295,100.00	108,444,900.00	22,637,800.00	1,523,294,400.00	2,028,950.00	1,525,323,350.00	274,829,900.00	2,483,431,049.00	2.471
2013	16,085,800.00	995,496,300.00	397,116,500.00	93,838,600.00	20,808,900.00	1,523,346,100.00	3,102,179.00	1,526,448,279.00	280,692,800.00	2,420,334,483.00	2.447
2012	16,088,700.00	994,847,000.00	411,461,200.00	90,481,800.00	23,487,100.00	1,536,365,800.00	2,753,453.00	1,539,119,253.00	276,870,000.00	2,575,500,758.00	2.407
2011	16,565,200.00	992,894,700.00	427,107,300.00	92,069,800.00	21,025,000.00	1,549,662,000.00	2,788,010.00	1,552,450,010.00	275,412,600.00	2,644,268,455.00	2.348
2010	16,241,200.00	991,682,500.00	434,811,400.00	98,486,100.00	21,516,500.00	1,562,737,700.00	3,104,950.00	1,565,842,650.00	254,750,000.00	2,719,893,434.00	2.348
2009	16,358,300.00	991,423,700.00	442,168,000.00	126,968,400.00	22,297,900.00	1,599,216,300.00	2,892,138.00	1,602,108,438.00	254,418,900.00	2,945,593,746.00	2.277
2008	16,499,500.00	989,074,800.00	459,986,200.00	119,667,000.00	22,311,900.00	1,607,539,400.00	2,968,218.00	1,610,507,618.00	254,320,400.00	2,775,780,107.00	2.265

(R) Revaluation

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

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

Source: Camden County Board of Taxation

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(Rate per \$100 of Assessed Value)

Unaudited

Year Ended <u>Dec. 31</u>	District Direct Rate			Overlapping Rates				Total Direct and Overlapping <u>Tax Rate</u>
	<u>Basic Rate</u>	General Obligation Debt <u>Service</u>	Total Direct School <u>Tax Rate</u>	Township of Pennsauken <u>Pennsauken</u>	Township of Pennsauken <u>Garbage District</u>	Camden <u>County</u>		
2017	\$ 1.668	\$ 0.076	\$ 1.744	\$ 0.971	\$ 0.176	\$ 0.902	\$	3.793
2016	1.605	0.092	1.697	0.975	0.173	0.880		3.725
2015	1.542	0.102	1.644	0.979	0.170	0.865		3.658
2014	2.316	0.155	2.471	1.505	0.262	1.324		5.562
2013	2.289	0.158	2.447	1.511	0.272	1.258		5.488
2012	2.251	0.156	2.407	1.414	0.264	1.219		5.304
2011	2.233	0.154	2.387	1.380	0.259	1.164		5.190
2010	2.205	0.143	2.348	1.322	0.254	1.080		5.004
2009	2.147	0.130	2.277	1.210	0.254	1.084		4.825
2008	2.138	0.127	2.265	1.141	0.246	1.045		4.697

Source: Municipal Tax Collector

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Principal Property Tax Payers
Current Year and Nine Years Ago
Unaudited

	2017			2008		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
Bloom Organization	\$ 61,746,000.00	1	2.63%	\$ 67,512,300.00	1	4.19%
Buckeye Pennsauken Terminal, LLC	22,523,900.00	2	0.96%			
Lockbourne Manor, LLC	13,583,000.00	3	0.58%	8,260,000.00	7	0.51%
Delair Aluminum, LLC	11,477,200.00	4	0.49%			
Menu Foods, Inc.	10,643,600.00	5	0.45%	8,413,300.00	6	0.52%
Sauken Associates, LP	9,855,400.00	6	0.42%			
Cooper RPA, LLC	8,670,300.00	7	0.37%			
Beverage Distribution Center, Inc.	8,163,400.00	8	0.35%	8,000,000.00	8	0.50%
Pennsauken Senior Living, LLC	8,085,300.00	9	0.34%			
Union River Realty Company, Inc.	7,494,000.00	10	0.32%			
Citigo Petroleum Corporation				6,586,400.00	10	0.41%
Shapes, LLC				19,796,800.00	2	1.23%
Amerada Hess Corporation				19,227,500.00	3	1.19%
Geriatric Medical Center				12,364,100.00	4	0.77%
Standard Warehouse & Distributing				9,260,000.00	5	0.57%
				6,902,400.00	9	0.43%
Total	\$ 162,242,100.00		6.90%	\$ 166,322,800.00		10.33%

Source: Municipal Tax Assessor

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

Property Tax Levies and Collections

Last Ten Fiscal Years

Unaudited

Fiscal Year Ended June 30,	School District Taxes Levied for the Fiscal Year	<u>Collected within the Fiscal Year of the Levy (1)</u>		Collections in Subsequent Years
		<u>Amount</u>	<u>Percentage of Levy</u>	
2017	\$ 40,244,878.00	\$ 40,244,878.00	100.00%	-
2016	39,422,769.00	39,422,769.00	100.00%	-
2015	37,668,897.00	37,668,897.00	100.00%	-
2014	37,692,291.00	37,357,741.00	99.11%	\$ 334,550.00
2013	37,023,190.00	37,023,190.00	100.00%	-
2012	37,039,257.00	37,039,257.00	100.00%	-
2011	37,060,308.00	37,060,308.00	100.00%	-
2010	36,471,407.00	36,471,407.00	100.00%	-
2009	36,471,407.00	36,471,407.00	100.00%	-
2008	36,471,407.00	36,471,407.00	100.00%	-

(1) School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

Source: District Records

Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the School District's outstanding debt and its debt capacity.

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income (2)	Per Capita (3)
	General Obligation Bonds (1)	Certificates of Participation	Capital Leases	Bond Anticipation Notes	Capital Leases	Total District		
2017	\$ 7,065,000.00	-	\$ 6,685,000.00	-	-	\$ 13,750,000.00	Unavailable	Unavailable
2016	10,385,000.00	-	-	-	-	10,385,000.00	Unavailable	Unavailable
2015	13,555,000.00	-	-	-	-	13,555,000.00	0.79%	\$ 380.46
2014	17,380,000.00	-	79,116.45	-	-	17,459,116.45	1.04%	489.70
2013	20,510,000.00	-	165,341.15	-	-	20,675,341.15	1.28%	578.41
2012	23,550,000.00	-	248,205.64	-	-	23,798,205.64	1.49%	665.05
2011	26,520,000.00	-	229,211.26	-	-	26,749,211.26	1.69%	747.10
2010	29,405,000.00	-	399,163.03	-	-	29,804,163.03	1.98%	831.01
2009	32,300,000.00	-	183,602.68	-	-	32,483,602.68	2.23%	929.19
2008	34,845,000.00	-	143,734.99	-	-	34,988,734.99	2.41%	998.51

Sources:

- (1) District Records
(2) Personal income has been estimated based upon the municipal population and per capita
(3) Per Capita personal income by county-estimated based upon the 2010 Census published

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable (2)	Per Capita (3)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding (1)		
2017	\$ 7,065,000.00	-	\$ 7,065,000.00	0.30%	Unavailable
2016	10,385,000.00	-	10,385,000.00	0.44%	\$ 289.21
2015	13,555,000.00	-	13,555,000.00	0.58%	380.46
2014	17,380,000.00	-	17,380,000.00	1.14%	487.48
2013	20,510,000.00	-	20,510,000.00	1.34%	573.79
2012	23,550,000.00	-	23,550,000.00	1.53%	658.12
2011	26,520,000.00	-	26,520,000.00	1.71%	740.70
2010	29,405,000.00	-	29,405,000.00	1.88%	819.88
2009	32,300,000.00	-	32,300,000.00	2.02%	923.94
2008	34,845,000.00	-	34,845,000.00	2.16%	994.41

Sources:

- (1) District Records
- (2) Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation
- (3) Per Capita calculation based upon population information provided by the NJ Dept of Labor and Workforce Development

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2016
Unaudited

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Pennsauken Township</u>
Municipal Debt: (1)				
Pennsauken Township School District	\$ 10,385,000.00	\$ 10,385,000.00		
Pennsauken Township	35,517,754.39	6,698,304.39	\$ 28,819,450.00	\$ 28,819,450.00
	<u>45,902,754.39</u>	<u>17,083,304.39</u>	<u>28,819,450.00</u>	<u>28,819,450.00</u>
Overlapping Debt Apportioned to the Municipality: (2)				
Pennsauken Sewerage Authority County of Camden:	582,977.93		582,977.93	582,977.93
General:				
Bonds	38,850,000.00	9,347,201.00 (3)	29,502,799.00	1,945,392.07 (5)
Loan Agreement	310,969,957.00		310,969,957.00	20,505,121.81 (5)
Bonds Issued by Other Public Bodies Guaranteed by the County	288,955,187.00	288,955,187.00 (4)		
	<u>639,358,121.93</u>	<u>298,302,388.00</u>	<u>341,055,733.93</u>	<u>23,033,491.81</u>
	<u>\$ 685,260,876.32</u>	<u>\$ 315,385,692.39</u>	<u>\$ 369,875,183.93</u>	<u>\$ 51,852,941.81</u>

Sources:

- (1) 2016 Annual Debt Statement
 - (2) Entity's Respective 2016 Reports of Audit
 - (3) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Pension Refunding Bonds.
 - (4) Deductible in accordance with N.J.S. 40:37A-80.
 - (5) Such debt is allocated as a proportion of the Township's share of the total 2016 Equalized Value, which is 6.59%.
- The source for this computation was the 2016 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2017

Equalized valuation basis (1)	
\$ 2,482,558,181	2016
2,438,030,088	2015
2,495,567,497	2014
\$ 7,416,155,766	

\$ 2,472,051,922 Average equalized valuation of taxable property

98,882,076.88 Debt limit 4% of \$ 2,472,051,922.00 (2)

7,065,000.00 Total Net Debt Applicable to Limit

\$ 91,817,076.88 Legal Debt Margin

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt limit	\$ 98,882,076.88	\$ 98,850,792.07	\$ 98,849,083.37	\$ 65,754,850.00	\$ 102,571,145.00	\$ 107,103,972.12	\$ 111,936,457.41	\$ 113,521,234.17	\$ 108,738,541.33	\$ 97,953,041.63
Total net debt applicable to limit (3)	7,065,000.00	10,385,000.00	13,555,000.00	17,380,000.00	20,510,000.00	23,550,000.00	26,520,000.00	29,405,000.00	32,300,000.00	34,845,000.00
Legal debt margin	\$ 91,817,076.88	\$ 88,465,792.07	\$ 84,699,083.37	\$ 48,374,850.00	\$ 82,061,144.71	\$ 83,553,972.12	\$ 85,416,457.41	\$ 84,116,234.17	\$ 76,438,541.33	\$ 63,108,041.63
Total net debt applicable to the limit as a percentage of debt limit	7.14%	10.51%	14.31%	26.43%	20.00%	21.99%	23.69%	25.90%	29.70%	35.57%

Sources:

- (1) Equalized valuation bases were provided by the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
- (2) Limit set by NJSA 18A:24-19 for a K through 12 district.
- (3) District Records

Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2016	35,908	Unavailable	Unavailable	5.40%
2015	35,628	\$ 1,713,136,752.00	\$ 48,084.00	6.40%
2014	35,653	1,671,626,558.00	46,886.00	7.50%
2013	35,745	1,611,277,365.00	45,077.00	10.00%
2012	35,784	1,601,047,728.00	44,742.00	11.80%
2011	35,804	1,579,493,460.00	44,115.00	11.70%
2010	35,865	1,506,078,945.00	41,993.00	11.70%
2009	34,959	1,455,727,719.00	41,641.00	11.20%
2008	35,041	1,449,751,293.00	41,373.00	7.20%
2007	35,190	1,407,811,140.00	40,006.00	5.50%

Sources:

- (1) Population information provided by the NJ Dept of Labor and Workforce Development
- (2) Personal income has been estimated based upon the municipal population and per capita
- (3) Per Capita personal income by municipality-estimated based upon the 2010 Census published
- (4) Unemployment data provided by the NJ Dept of Labor and Workforce Development

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

Principal Non-Governmental Employers

Current Year and Nine Years Ago

Unaudited

	2017			2008		
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
Pepsi/Beverage Dist. Ctr.	650	1	3.50%	625	1	3.54%
J & J Snacks	435	2	2.35%	435	3	2.46%
Aluminum Shapes, Inc.	400	3	2.16%	600	2	3.40%
Helvoet Pharma	308	4	1.66%	300	4	1.70%
Disc Makers	300	5	1.62%	300	4	1.70%
Holman/RMP	230	6	1.24%	230	8	1.30%
Simmons Pet Foods, Inc.	223	7	1.20%			
WAWA, Inc.	215	8	1.16%			
Forman Mills	175	9	0.94%	189	10	1.07%
Old Dominion Freight	70	10	0.38%			
Mediq & Mediq/PRN				300	4	1.70%
Lehigh Press				260	7	1.47%
Menu Foods				223	9	1.26%
	<u>3,006</u>		<u>16.20%</u>	<u>3,462</u>		<u>19.60%</u>

Source: Individual Employers

Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

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

<u>Function/Program</u>	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction										
Regular	351	342	362	343	320	321	321	333	360	353
Special education	86	161	158	170	139	142	121	105	100	87
Other instruction	26	24	25	45	36	24	36	80	85	73
Support Services:										
Student & instruction related services	116	51	49	126	91	111	129	118	100	95
General administrative services	4	2	2	4	5	5	11	12	15	13
School administrative services	58	40	41	49	46	47	53	58	55	47
Business administrative services	25	16	16	18	19	17	10	11	18	18
Plant operations and maintenance	92	92	97	96	110	105	90	86	95	93
Pupil transportation	67	62	62	64	69	67	66	61	67	63
Food Service	54	38	33	40	40	32	27	28	38	49
Total	879	828	844	955	875	871	864	892	933	891

Source: District Records

TOWNSHIP OF PENNSAUKEN 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 in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Intermediate	Middle School	High School			
2017	5,022	\$ 99,156,200.75	\$ 19,744.36	1.85%	455	9/1	12/1	11/1	12/1	4,770.2	4,517.4	-4.50%
2016	4,961	96,172,990.35	19,385.81	1.83%	405	13/1	13/1	11/1	12/1	4,994.8	4,706.5	-1.61%
2015	5,049	96,120,890.75	19,037.61	6.10%	462	9.18/1	10.36/1	9.2/1	11.3/1	5,076.4	4,791.3	-0.75%
2014	5,096	91,437,288.09	17,942.95	1.26%	488	9.58/1	10.52/1	9.58/1	11.46/1	5,114.6	4,841.9	-2.37%
2013	5,245	92,936,140.28	17,719.00	3.67%	416	10.2/1	13.3/1	11.1/1	11.2/1	5,239.0	4,943.0	-2.28%
2012	5,383	92,006,000.58	17,091.96	3.44%	487	11.01/1	11.24/1	9.91/1	10.7/1	5,361.3	5,038.2	7.23%
2011	5,475	90,470,453.57	16,524.28	-3.49%	478	12.62/1	10.64/1	11.12/1	10.61/1	5,000.0	4,661.0	-4.34%
2010	5,480	93,830,224.31	17,122.30	8.03%	518	12.57/1	10.96/1	10.56/1	10.96/1	5,227.0	5,205.0	0.08%
2009	5,476	86,792,456.54	15,849.61	5.07%	545	11.85/1	9.66/1	7.2/1	10.4/1	5,223.0	5,201.0	-6.20%
2008	5,521	83,285,687.44	15,085.25	7.58%	503	18.28/1	11.7/1	11.92/1	11.25/1	5,568.0	5,157.5	-2.23%

Sources: District Records

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

School Building Information
Last Ten Fiscal Years
Unaudited

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District Building										
Elementary										
Baldwin (1955)										
Square Feet	11,621	11,621	11,621	11,621	11,621	11,621	11,621	11,621	11,621	11,621
Capacity (students)	275	275	275	275	275	275	275	275	275	275
Enrollment	100	120	118	108	134	125	143	125	114	113
Burling (1963)										
Square Feet	14,880	14,880	14,880	14,880	14,880	14,880	14,880	14,880	14,880	14,880
Capacity (students)	150	150	150	150	150	150	150	150	150	150
Enrollment	115	124	132	118	110	111	125	131	127	119
Carson (1964)										
Square Feet	46,274	46,274	46,274	46,274	46,274	46,274	46,274	46,274	46,274	46,274
Capacity (students)	314	314	314	314	314	314	314	314	314	314
Enrollment	309	329	344	354	346	333	361	378	348	353
Central (1925)										
Square Feet	n/a	n/a	n/a	n/a	n/a	n/a	47,487	47,487	47,487	47,487
Capacity (students)	n/a	n/a	n/a	n/a	n/a	n/a	closed	closed	closed	closed
Enrollment	demolished	demolished	demolished	demolished	demolished	demolished	closed	closed	closed	closed
Delair (2002)										
Square Feet	41,481	41,481	41,481	41,481	41,481	41,481	41,481	41,481	41,481	41,481
Capacity (students)	430	430	428	413	401	403	430	430	430	430
Enrollment	381	417	428	413	401	403	399	397	393	360
Fine (1964)										
Square Feet	41,310	41,310	41,310	41,310	41,310	41,310	41,310	41,310	41,310	41,310
Capacity (students)	378	378	378	378	378	378	378	378	378	378
Enrollment	304	318	322	327	332	310	355	356	320	320
Franklin (1964)										
Square Feet	56,802	56,802	56,802	56,802	56,802	56,802	56,802	56,802	56,802	56,802
Capacity (students)	551	551	551	551	551	551	551	551	551	551
Enrollment	384	378	402	423	449	443	486	458	409	436
Longfellow (1926)										
Square Feet	22,320	22,320	22,320	22,320	22,320	22,320	22,320	22,320	22,320	22,320
Capacity (students)	227	227	227	227	227	227	227	227	227	227
Enrollment	209	222	201	223	243	252	233	247	252	252
Roosevelt (1926)										
Square Feet	23,132	23,132	23,132	23,132	23,132	23,132	23,132	23,132	23,132	23,132
Capacity (students)	217	217	217	217	217	217	217	217	217	217
Enrollment	151	168	170	170	178	181	191	192	204	203
Intermediate										
Intermediate School (2002)										
Square Feet	82,733	82,733	82,733	82,733	82,733	82,733	82,733	82,733	82,733	82,733
Capacity (students)	986	986	986	986	986	986	986	986	986	986
Enrollment	766	765	778	731	796	798	798	805	792	807
Middle School										
Middle School (1965)										
Square Feet	153,790	153,790	153,790	153,790	153,790	153,790	153,790	153,790	153,790	153,790
Capacity (students)	1,274	1,274	1,274	1,274	1,274	1,274	1,274	1,274	1,274	1,274
Enrollment	771	771	790	822	818	793	834	837	885	882
Booker T. Washington Annex										
Booker T. Washington (1927)										
Square Feet	n/a	6,206	6,206	6,206	6,206	6,206	6,206	6,206	6,206	6,206
Capacity (students)	n/a	43	43	43	43	43	43	43	43	43
Enrollment	sold	closed	closed	26	22	20	25	25	37	39
High School										
Pennsauken High School (1959)										
Square Feet	232,755	232,755	232,755	232,755	232,755	232,755	232,755	232,755	232,755	232,755
Capacity (students)	1,986	1,986	1,986	1,986	1,986	1,986	1,986	1,986	1,986	1,986
Enrollment	1,319	1,349	1,364	1,381	1,416	1,512	1,545	1,529	1,595	1,637
Other										
District Administration Building (2014)										
Square Feet	55,340	55,340	55,340	55,340	(A)	(A)	(A)	(A)	(A)	(A)

Number of Schools at June 30, 2017

Elementary = 8

Intermediate = 1

Middle School = 1

High School = 1

Other = 1

(A) Administration building was purchased in 2014.

Source: District Records

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

Schedule of Required Maintenance

Last Ten Fiscal Years

Unaudited

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

* School Facilities	Project # (s)	Fiscal Year Ended June 30,									
		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Pennsauken High	031	\$ 314,347.01	\$ 536,289.04	\$ 504,013.95	\$ 614,370.31	\$ 495,536.02	\$ 391,140.87	\$ 441,011.27	\$ 648,636.96	\$ 385,115.36	\$ 351,453.52
Administration	999	70,348.04	59,796.13	36,634.34	79,810.70	56,984.48	69,181.24	34,296.42	72,436.96	26,612.80	21,939.44
Howard M. Phifer Middle	030	88,323.41	271,351.07	319,279.66	333,801.46	120,106.51	157,010.66	274,427.20	415,727.02	291,213.07	278,637.05
Intermediate	029	140,696.08	84,903.39	68,553.13	95,840.27	141,238.05	83,182.27	103,303.13	219,037.58	88,732.49	64,924.38
A. E. Burling Magnet	022	77,948.74	41,587.68	58,685.11	70,359.94	74,967.96	49,841.65	20,469.51	33,452.99	37,726.04	97,098.89
Booker T. Washington	021			11,468.79	26,752.99	44,689.53	44,446.87	45,275.77	24,575.86	20,304.96	14,722.17
Baldwin	020	111,236.45	37,940.95	37,803.89	93,364.23	49,677.71	54,825.80	24,145.54	28,077.08	33,892.76	26,838.19
Benjamin Franklin	026	194,733.14	153,277.28	98,031.21	120,475.29	90,554.64	77,492.41	63,660.42	118,476.79	104,726.74	54,343.55
Central	106									19,610.62	32,524.74
Delair	024	118,282.35	73,882.92	120,943.09	98,449.13	97,902.09	91,353.00	85,094.91	102,711.52	69,493.03	52,557.69
Carson	023	80,334.36	72,931.93	76,767.87	86,778.46	67,847.43	66,925.97	63,259.84	101,450.07	58,013.03	48,725.82
George B. Fine	025	80,223.40	86,773.33	73,630.31	135,965.62	78,843.12	76,601.89	55,815.76	101,424.87	66,295.15	54,793.51
Longfellow	027	88,378.89	67,908.32	55,942.70	107,729.78	99,962.69	84,784.37	41,483.25	64,582.42	46,366.01	42,452.39
Roosevelt	028	213,596.18	67,252.75	58,722.73	82,941.09	95,509.72	65,651.27	49,237.12	75,709.78	69,083.38	43,899.25
Total		\$ 1,578,448.05	\$ 1,553,894.79	\$ 1,520,476.78	\$ 1,946,639.27	\$ 1,513,821.95	\$ 1,312,438.27	\$ 1,301,480.14	\$ 2,006,299.90	\$ 1,317,185.44	\$ 1,184,910.59

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

Source: District Records

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

Insurance Schedule

June 30, 2017

Unaudited

		<u>Coverage</u>	<u>Deductible</u>
Gloucester, Cumberland, Salem School District Joint Insurance Fund			
Property, Inland Marine and Automobile Physical Damages	(B) \$	175,000,000.00	\$ 500.00
Boiler and Machinery	(A)	125,000,000.00	1,000.00
Crime	(A)	500,000.00	500.00
General and Automobile Liability	(A)	20,000,000.00	
Workers' Compensation		Statutory	
Educator's Legal Liability	(A)	20,000,000.00	
Pollution Legal Liability	(A)	3,000,000.00	25,000.00
Cyber Liability	(A)	1,000,000.00	25,000.00
Violent Malicious Acts	(A)	1,000,000.00	15,000.00
Disaster Management Services	(A)	2,000,000.00	15,000.00
AOE American Insurance Company			
Storage Tank Liability	(A)	4,000,000.00	25,000.00
Zurich American Insurance Company			
Student Accident	(A)	5,000,000.00	
Ohio Casualty Insurance Company:			
Treasurer		425,000.00	
Selective Insurance Company of America:			
School Business Administrator		375,000.00	
(A) Per Claim/Annual Aggregate			
(B) Per Occurrence			

Source: District Records

SINGLE AUDIT SECTION

Exhibit K-2

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of Pennsauken School District
County of Camden
Pennsauken, New Jersey 08110

Report on Compliance for Each Major Federal and State Program

We have audited the Township of Pennsauken School District's, in the County of Camden, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2017. The 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance, and State of New Jersey Circular 15-08-OMB, 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 or state program occurred. An audit includes examining, on a test basis, evidence about the Township of Pennsauken School District's, in the County of Camden, State of New Jersey, 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 School District's compliance.

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

Management of the Township of Pennsauken School District, in the County of Camden, State of New Jersey, 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 School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or 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 or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and State of New Jersey Circular 15-08-OMB, 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 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 or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of 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. We did not identify any deficiencies in internal control 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 the Uniform Guidance and State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Daniel M. DiGangi

Daniel M. DiGangi
Certified Public Accountant
Public School Accountant No. CS 002376

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2017

Pass-through Grantor/Program Title	Federal CFDA Number	Federal Fain Number	Pass-Through Entity Identifying Number	Program or Award Amount	From	Grant Period To	Balance June 30, 2016	Carryover / (Walkover) Amount
General Fund								
U.S. Department of Homeland Security								
Passed-through the State Department of Education:								
Disaster Grants - Public Assistance - Presidentially Declared Disasters								
	97.036	N/A	N/A	\$ 12,835.07	7-1-16	6-30-17	-	-
U.S. Department of Health and Human Services:								
Passed-through the State Department of Education:								
Medical Assistance Program (Medicaid):								
ARRA - Special Education Medicaid Initiative	93.778	1705NJ5MAP	N/A	23,583.15	4-1-09	12-31-10		
Special Education Medicaid Initiative	93.778	1605NJ5MAP	N/A	82,715.47	7-1-13	6-30-14	\$ (82,715.47)	
Special Education Medicaid Initiative	93.778	1605NJ5MAP	N/A	205,724.55	7-1-15	6-30-16	(30,937.18)	
Special Education Medicaid Initiative	93.778	1705NJ5MAP	N/A	276,153.70	7-1-16	6-30-17		
Medicaid Administrative Claiming Aid	93.778	1705NJ5MAP	N/A	40,744.77	7-1-16	6-30-17		
Total Medical Assistance Program (Medicaid)							(113,652.65)	-
Total General Fund							(113,652.65)	-
Special Revenue Fund:								
U.S. Department of Education:								
Passed-through State Department of Education:								
N.C.L.B.:								
Title I, Part A	84.010	S010A150030	NCLB406016	1,767,449.00	7-1-15	6-30-16	(9,410.08)	\$ (140,852.00)
Title I, Part A	84.010	S367A160030	NCLB406017	1,659,235.00	7-1-16	6-30-17		140,852.00
Total Title I, Part A							(9,410.08)	-
Title II, Part A, Improving Teacher Quality	84.367A	S367A150029	NCLB406016	189,522.00	7-1-15	6-30-16	0.64	(1,106.00)
Title II, Part A, Improving Teacher Quality	84.367A	S367A160029	NCLB406017	171,008.00	7-1-16	6-30-17		1,106.00
Total Title II, Part A, Improving Teacher Quality							0.64	-
Title III	84.365	S365A150030	NCLB406016	63,170.00	7-1-15	6-30-16	(1,672.02)	(34,732.00)
Title III	84.365	S365A160030	NCLB406017	60,167.00	7-1-16	6-30-17		34,732.00
Title III, Immigrant	84.365	S365A150030	NCLB406016	17,506.00	7-1-15	6-30-16	(240.00)	
Title III, Immigrant	84.365	S365A160030	NCLB406017	9,184.00	7-1-16	6-30-17		
Total Title III							(1,912.02)	-
I.D.E.A. Part B:								
Special Education Cluster:								
Basic	84.027	H027A150100	FT406016	1,726,837.00	7-1-15	6-30-16	(7,515.34)	(12,597.00)
Basic	84.027	H027A160100	FT406017	1,667,343.00	7-1-16	6-30-17		12,597.00
Preschool	84.173	H173A160114	PS406017	46,469.00	7-1-16	6-30-17		
Total I.D.E.A. Part B Special Education Cluster							(7,515.34)	-
Total Special Revenue Fund							(18,836.80)	-
Enterprise Fund:								
U.S. Department of Agriculture:								
Passed-through State Department of Education:								
Child Nutrition Cluster:								
School Breakfast Program	10.553	16161NJ304N1099	Unavailable	584,795.81	7-1-15	6-30-16	(93,323.19)	
School Breakfast Program	10.553	171NJ304N1099	Unavailable	565,153.64	7-1-16	6-30-17		
Food Distribution Program (Non-Cash Assistance)	10.555	16161NJ304N1099	Unavailable	199,046.58	7-1-15	6-30-16	8,606.72	
Food Distribution Program (Non-Cash Assistance)	10.555	171NJ304N1099	Unavailable	190,595.00	7-1-16	6-30-17		
National School Lunch Program	10.555	16161NJ304N1099	Unavailable	1,627,245.50	7-1-15	6-30-16	(271,828.07)	
National School Lunch Program	10.555	171NJ304N1099	Unavailable	1,554,873.98	7-1-16	6-30-17		
Special Milk Program	10.556	16161NJ304N1099	Unavailable	4,254.90	7-1-15	6-30-16	(723.54)	
Special Milk Program	10.556	171NJ304N1099	Unavailable	3,566.27	7-1-16	6-30-17		
Total Child Nutrition Cluster							(357,268.08)	-
School Breakfast Expansion Program	10.579	15151NJ354N8103	Unavailable	10,000.00	7-1-14	6-30-15	(2,000.00)	-
Fresh Fruit and Vegetable Program	10.582	171NJ304L1603	Unavailable	51,857.07	7-1-16	6-30-17		-
Total Enterprise Fund							(359,268.08)	-
Total Federal Financial Assistance							\$ (491,757.53)	-

(A) See Note 6 to the Schedules of Expenditures of Federal Awards and State Financial Assistance
The accompanying Notes to Financial Statements and Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

Cash Received	Budgetary Expenditures			Passed- Through to Subrecipients	Adjustments (A)	Repayment of Prior Years' Balances	Balance June 30, 2017		
	Pass-Through Funds	Direct Funds	Total Budgetary Expenditures				(Accounts Receivable)	Unearned Revenue	Due to Grantor
\$ 12,835.07	\$ 12,835.07	-	\$ 12,835.07	-	-	-	-	-	-
23,583.15	23,583.15		23,583.15						
82,715.47									
30,937.18									
276,153.70	276,153.70		276,153.70						
40,744.77	40,744.77		40,744.77						
454,134.27	340,481.62	-	340,481.62	-	-	-	-	-	-
466,969.34	353,316.69	-	353,316.69	-	-	-	-	-	-
150,262.00					\$ 0.08				
1,586,581.00	1,733,408.23		1,733,408.23				\$ (72,654.00)	\$ 66,678.77	
1,736,843.00	1,733,408.23	-	1,733,408.23	-	0.08	-	(72,654.00)	66,678.77	-
1,106.00					(0.64)				
170,176.00	171,282.24		171,282.24				(832.00)	831.76	
171,282.00	171,282.24	-	171,282.24	-	(0.64)	-	(832.00)	831.76	-
36,404.00					0.02				
35,805.00	72,137.10		72,137.10				(24,362.00)	22,761.90	
240.00									
12,463.00	12,999.06		12,999.06				(14,227.00)	13,690.94	
84,912.00	85,136.16	-	85,136.16	-	0.02	-	(38,589.00)	36,452.84	-
20,112.00					0.34				
1,659,483.00	1,677,975.69		1,677,975.69				(7,860.00)	1,964.31	
46,469.00	46,469.00		46,469.00						
1,726,064.00	1,724,444.69	-	1,724,444.69	-	0.34	-	(7,860.00)	1,964.31	-
3,719,101.00	3,714,271.32	-	3,714,271.32	-	(0.20)	-	(119,935.00)	105,927.68	-
93,323.19									
542,769.85	565,153.64		565,153.64				(22,383.79)		
	8,606.72		8,606.72						
190,595.00	183,829.59		183,829.59					6,765.41	
271,828.07									
1,489,305.96	1,554,873.98		1,554,873.98				(65,568.02)		
723.54									
3,430.00	3,566.27		3,566.27				(136.27)		
2,591,975.61	2,316,030.20	-	2,316,030.20	-	-	-	(88,088.08)	6,765.41	-
-	-	-	-	-	2,000.00	-		-	-
33,888.32	51,857.07	-	51,857.07	-	-	-	(17,968.75)	-	-
2,625,863.93	2,367,887.27	-	2,367,887.27	-	2,000.00	-	(106,056.83)	6,765.41	-
\$ 6,811,934.27	\$ 6,435,475.28	-	\$ 6,435,475.28	-	\$ 1,999.80	-	\$ (225,991.83)	\$ 112,693.09	-

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2017

Balance at June 30, 2016									
State Grantor/ Program Title	State Project Number	Award Amount	Required Match	Grant Period		Unearned Revenue / Accounts Receivable	Due to Grantor	Carryover / (Walkover) Amount	
				From	To				
General Fund:									
New Jersey Department of Education:									
Current Expense:									
State Aid Public Cluster:									
Equalization Aid	16-495-034-5120-078	\$ 43,049,368.00	N/A	7-1-15	6-30-16	\$ (4,129,619.08)			
Equalization Aid	17-495-034-5120-078	43,267,622.00	N/A	7-1-16	6-30-17				
Categorical Special Education Aid	16-495-034-5120-089	3,033,664.00	N/A	7-1-15	6-30-16	(291,011.86)			
Categorical Special Education Aid	17-495-034-5120-089	3,077,525.00	N/A	7-1-16	6-30-17				
Categorical Security Aid	16-495-034-5120-084	1,472,261.00	N/A	7-1-15	6-30-16	(141,230.34)			
Categorical Security Aid	17-495-034-5120-084	1,492,071.00	N/A	7-1-16	6-30-17				
PARCC Readiness Aid	16-495-034-5120-098	51,380.00	N/A	7-1-15	6-30-16	(4,928.76)			
PARCC Readiness Aid	17-495-034-5120-098	51,380.00	N/A	7-1-16	6-30-17				
Per Pupil Growth Aid	16-495-034-5120-097	51,380.00	N/A	7-1-15	6-30-16	(4,928.76)			
Per Pupil Growth Aid	17-495-034-5120-097	51,380.00	N/A	7-1-16	6-30-17				
Professional Learning Community Aid	17-495-034-5120-101	51,805.00	N/A	7-1-16	6-30-17				
Total State Aid Public Cluster						(4,571,718.80)	-	-	
Transportation Aid:									
Categorical Transportation Aid	16-495-034-5120-014	475,976.00	N/A	7-1-15	6-30-16	(45,659.20)			
Categorical Transportation Aid	17-495-034-5120-014	534,586.00	N/A	7-1-16	6-30-17				
Additional Non-Public Transportation Aid	16-495-034-5120-014	61,074.00	N/A	7-1-15	6-30-16	(61,074.00)			
Additional Non-Public Transportation Aid	17-495-034-5120-014	59,522.00	N/A	7-1-16	6-30-17				
Total Transportation Aid						(106,733.20)	-	-	
Extraordinary Aid									
Extraordinary Aid	16-495-034-5120-044	588,318.00	N/A	7-1-15	6-30-16	(588,318.00)			
Extraordinary Aid	17-495-034-5120-044	767,706.00	N/A	7-1-16	6-30-17				
Total Extraordinary Aid						(588,318.00)	-	-	
Homeless Tuition Aid									
Homeless Tuition Aid	16-495-034-5120-005	7,640.00	N/A	7-1-15	6-30-16	(7,640.00)			
Homeless Tuition Aid	17-495-034-5120-005	17,317.00	N/A	7-1-16	6-30-17				
Total Homeless Tuition Aid						(7,640.00)	-	-	
Reimbursed TPAF Social Security Contributions									
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	2,425,869.77	N/A	7-1-15	6-30-16	(116,026.43)			
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	2,505,359.56	N/A	7-1-16	6-30-17				
Total Reimbursed TPAF Social Security Contributions						(116,026.43)	-	-	
Total General Fund						(5,390,436.43)	-	-	
Special Revenue Fund:									
New Jersey Department of Education:									
Nonpublic Aid:									
Nursing Services	16-100-034-5120-070	83,070.00	N/A	7-1-15	6-30-16		\$ 831.00		
Nursing Services	17-100-034-5120-070	81,450.00	N/A	7-1-16	6-30-17				
Textbook Aid (Ch. 194)	16-100-034-5120-064	51,619.00	N/A	7-1-15	6-30-16		924.00		
Textbook Aid (Ch. 194)	17-100-034-5120-064	51,241.00	N/A	7-1-16	6-30-17				
Technology	16-100-034-5120-373	22,074.00	N/A	7-1-15	6-30-16		771.00		
Technology	17-100-034-5120-373	21,632.00	N/A	7-1-16	6-30-17				
Security	16-100-034-5120-509	23,075.00	N/A	7-1-15	6-30-16		1,391.00		
Security	17-100-034-5120-509	45,250.00	N/A	7-1-16	6-30-17				
Auxiliary Services (Ch. 192)									
Compensatory Education	16-100-034-5120-067	195,432.00	N/A	7-1-15	6-30-16		16,926.00		
Compensatory Education	17-100-034-5120-067	216,425.00	N/A	7-1-16	6-30-17				
Home Instruction	16-100-034-5120-067	1,108.00	N/A	7-1-15	6-30-16	(1,108.00)			
Home Instruction	17-100-034-5120-067	6,166.00	N/A	7-1-16	6-30-17				
English as a Second Language	16-100-034-5120-067	17,255.00	N/A	7-1-15	6-30-16		7,420.00		
English as a Second Language	17-100-034-5120-067	25,579.00	N/A	7-1-16	6-30-17				
Transportation	16-100-034-5120-068	13,984.00	N/A	7-1-15	6-30-16		10,184.00		
Transportation	17-100-034-5120-068	13,028.00	N/A	7-1-16	6-30-17				
Handicapped Services (Ch. 193)									
Corrective Speech	16-100-034-5120-066	32,690.00	N/A	7-1-15	6-30-16		21,823.00		
Corrective Speech	17-100-034-5120-066	25,622.00	N/A	7-1-16	6-30-17				
Supplementary Instruction	16-100-034-5120-066	189,897.00	N/A	7-1-15	6-30-16		19,086.00		
Supplementary Instruction	17-100-034-5120-066	40,019.00	N/A	7-1-16	6-30-17				
Examination and Classification	16-100-034-5120-066	55,109.00	N/A	7-1-15	6-30-16		6,136.00		
Examination and Classification	17-100-034-5120-066	70,596.00	N/A	7-1-16	6-30-17				
Total Nonpublic Aid:						(1,108.00)	85,492.00	-	
Preschool Education Aid									
Preschool Education Aid	15-495-034-5120-086	753,310.00	N/A	7-1-14	6-30-15	7,054.04			
Preschool Education Aid	16-495-034-5120-086	795,750.00	N/A	7-1-15	6-30-16	(54,459.00)			
Preschool Education Aid	17-495-034-5120-086	774,530.00	N/A	7-1-16	6-30-17				
Total Preschool Education Aid						(47,404.96)	-	-	
Total Special Revenue Fund						(48,512.96)	85,492.00	-	
Capital Projects Fund:									
New Jersey School Development Authority:									
School Facility Project – High School Roof Replacement	4060-050-14-1003-G04	2,475,144.00	\$ 1,440,276.00	7-1-14	Completion	(1,735,087.98)	-	-	
Debt Service Fund:									
New Jersey Department of Education:									
School Construction Debt Service Aid	17-495-034-5120-075	1,358,941.00	N/A	7-1-16	6-30-17	-	-	-	
Enterprise Fund:									
New Jersey Department of Agriculture:									
State School Lunch Aid	16-100-010-3350-023	33,808.44	N/A	7-1-15	6-30-16	(5,493.01)			
State School Lunch Aid	17-100-010-3350-023	32,893.52	N/A	7-1-16	6-30-17				
Total Enterprise Fund						(5,493.01)	-	-	
Total State Financial Assistance subject to Major Program Determination for State Single Audit						(7,179,530.38)	85,492.00	-	
State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:									
General Fund (Non-Cash Assistance):									
New Jersey Department of the Treasury:									
TPAF Post Retirement Medical	17-495-034-5094-001	3,125,944.00	N/A	7-1-16	6-30-17				
Teacher's Pension & Annuity Fund	17-495-034-5094-002	3,620,433.00	N/A	7-1-16	6-30-17				
TPAF Non-Contributory Insurance	17-495-034-5094-004	131,177.00	N/A	7-1-16	6-30-17				
TPAF Long-Term Disability Insurance	17-495-034-5094-004	5,086.00	N/A	7-1-16	6-30-17				
Total General Fund (Non-Cash Assistance)						-	-	-	
Total State Financial Assistance						\$ (7,179,530.38)	\$ 85,492.00	-	

(A) See Note 6 to the Schedules of Expenditures of Federal Awards and State Financial Assistance
The accompanying Notes to Financial Statements and Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

Cash Received	Total Budgetary Expenditures	Passed Through to Subrecipients	Adjustments (A)	Repayment of Prior Years' Balances	Balance June 30, 2017			Budgetary Receivable June 30, 2017	Cumulative Total Expenditures
					(Accounts Receivable)	Unearned Revenue	Due to Grantor		
\$ 4,129,619.08									
39,150,006.06	\$ 43,267,622.00				\$ (4,117,615.94)			\$ (4,117,615.94)	\$ 43,267,622.00
291,011.86									
2,784,648.59	3,077,525.00				(292,876.41)			(292,876.41)	3,077,525.00
141,230.34									
1,350,076.25	1,492,071.00				(141,994.75)			(141,994.75)	1,492,071.00
4,928.76									
46,490.36	51,380.00				(4,889.64)			(4,889.64)	51,380.00
4,928.76									
46,490.36	51,380.00				(4,889.64)			(4,889.64)	51,380.00
46,874.91	51,805.00				(4,930.09)			(4,930.09)	51,805.00
47,996,305.33	47,991,783.00	-	-	-	(4,567,196.47)	-	-	(4,567,196.47)	47,991,783.00
45,659.20									
483,711.47	534,586.00				(50,874.53)			(50,874.53)	534,586.00
61,074.00									
59,522.00					(59,522.00)				59,522.00
590,444.67	594,108.00	-	-	-	(110,396.53)	-	-	(50,874.53)	594,108.00
588,318.00									
767,706.00					(767,706.00)				767,706.00
588,318.00	767,706.00	-	-	-	(767,706.00)	-	-	-	767,706.00
7,640.00									
17,317.00					(17,317.00)				17,317.00
7,640.00	17,317.00	-	-	-	(17,317.00)	-	-	-	17,317.00
116,028.43									
2,497,586.53	2,505,359.56				(7,773.03)				2,505,359.56
2,613,612.96	2,505,359.56	-	-	-	(7,773.03)	-	-	-	2,505,359.56
51,796,320.96	51,876,273.56	-	-	-	(5,470,389.03)	-	-	(4,618,071.00)	51,876,273.56
81,450.00	80,635.50		\$ 0.50	\$ 831.00			\$ 815.00		80,635.50
51,241.00	50,781.26		0.26	924.00			460.00		50,781.26
21,632.00	21,489.32		0.32	771.00			143.00		21,489.32
45,250.00	45,085.76		(0.24)	1,391.00			164.00		45,085.76
216,425.00	197,882.22		0.22	16,926.00			18,543.00		197,882.22
1,108.00	6,165.60		(0.40)	7,420.00	(6,166.00)				6,165.60
25,579.00	14,798.70		(0.30)	10,184.00			10,780.00		14,798.70
13,028.00	4,000.28		0.28	21,823.00			9,028.00		4,000.28
25,622.00	12,906.05		0.05	19,086.00			12,716.00		12,906.05
40,019.00	23,619.47		0.47	6,136.00			16,400.00		23,619.47
70,596.00	53,570.10		0.10				17,026.00		53,570.10
591,950.00	510,934.26	-	1.26	85,492.00	(6,166.00)	-	86,075.00	-	510,934.26
79,575.00	7,054.04		0.04			\$ 25,116.04			753,310.00
697,077.00	773,634.96		(0.04)		(77,453.00)	895.00		(77,453.00)	770,633.96
776,652.00	780,689.00	-	-	-	(77,453.00)	26,011.04	-	(77,453.00)	2,297,578.92
1,368,602.00	1,291,623.26	-	1.26	85,492.00	(83,619.00)	26,011.04	86,075.00	(77,453.00)	2,808,513.18
2,083,087.03	-	-	-	-	(392,056.97)	740,056.02	-	-	1,974,278.98
1,358,941.00	1,358,941.00	-	-	-	-	-	-	-	1,358,941.00
5,493.01									
31,626.89	32,893.52				(1,266.63)				32,893.52
37,119.90	32,893.52	-	-	-	(1,266.63)	-	-	-	32,893.52
56,644,070.89	54,559,731.34	-	1.26	85,492.00	(5,947,331.63)	766,067.06	86,075.00	(4,695,524.00)	58,050,900.24
3,125,944.00	3,125,944.00								3,125,944.00
3,620,433.00	3,620,433.00								3,620,433.00
131,177.00	131,177.00								131,177.00
5,086.00	5,086.00								5,086.00
6,882,640.00	6,882,640.00	-	-	-	-	-	-	-	6,882,640.00
\$ 63,526,710.89	\$ 61,442,371.34	-	\$ 1.26	\$ 85,492.00	\$ (5,947,331.63)	\$ 766,067.06	\$ 86,075.00	\$ (4,695,524.00)	\$ 64,933,540.24

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2017

Note 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance ("the schedules") include federal and state award activity of the Township of Pennsauken School District (hereafter referred to as the "School District"). The School District is defined in note 1 to the School District's basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules. Because these schedules present only a selected portion of the operations of the School District, it is not intended to and does not present the financial position and changes in operations of the School District.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedules are presented using the budgetary basis of accounting, with the following exceptions: programs recorded in the capital projects fund are presented on the modified accrual basis of accounting and programs recorded in the enterprise funds are presented using the accrual basis of accounting. These bases of accounting are described in note 1 to the School District's basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3: INDIRECT COST RATE

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

Note 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

**Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance (Cont'd)**

Note 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)

There is no adjustment to reconcile expenditures from the budgetary basis to the GAAP basis for neither the general fund nor the special revenue fund. See exhibit C-3, 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 expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 353,316.69	\$ 58,758,220.56	\$ 59,111,537.25
Special Revenue	3,714,271.32	1,287,586.26	5,001,857.58
Capital Projects		347,999.05	347,999.05
Debt Service		1,358,941.00	1,358,941.00
Food Service	2,359,280.55	32,893.52	2,392,174.07
Total Awards and Financial Assistance	<u>\$ 6,426,868.56</u>	<u>\$ 61,785,640.39</u>	<u>\$ 68,212,508.95</u>

Note 5: 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 6: ADJUSTMENTS

Amounts reported in the column entitled "adjustments" represent minor rounding differences and the cancellation of a grant receivable.

Note 7: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2017, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. Revenues and expenditures reported under the federal food distribution program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. 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 fiscal year. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance related to TPAF members.

Note 8: MAJOR PROGRAMS

Major programs are identified in the *Summary of Auditor's Results* section of the *Schedule of Findings and Questioned Costs*.

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)?

 yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>10.553</u>	<u>171NJ304N1099</u>	<u>Child Nutrition Cluster - School Breakfast Program</u>
<u>10.555</u>	<u>171NJ304N1099</u>	<u>Child Nutrition Cluster - Food Distribution Program</u>
<u>10.555</u>	<u>171NJ304N1099</u>	<u>Child Nutrition Cluster - National School Lunch Program</u>
<u>10.556</u>	<u>171NJ304N1099</u>	<u>Child Nutrition Cluster - Special Milk Program</u>
<u>93.778</u>	<u>1705NJ5MAP</u>	<u>Special Education Medicaid Initiative</u>
<u>93.778</u>	<u>1705NJ5MAP</u>	<u>ARRA - Special Education Medicaid Initiative</u>
<u>93.778</u>	<u>1705NJ5MAP</u>	<u>Medicaid Administrative Claiming Aid</u>

Dollar threshold used to determine Type A programs \$750,000.00

Auditee qualified as low-risk auditee? X yes no

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

Section 1- Summary of Auditor's Results (Cont'd)

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

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

Any audit findings disclosed that are required to be reported in
accordance with New Jersey Circular 15-08-OMB? _____ yes X no

Identification of major programs:

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

Dollar threshold used to determine Type A programs \$1,636,792.00

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

Section 2- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

None.

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, 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).

None.

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

Section 4- Schedule of State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by State of New Jersey Circular 15-08-OMB.

None.

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings and
Questioned Costs as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB.

None.

