

Borough of Pitman School District
Board of Education
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2009

BOROUGH OF PITMAN SCHOOL DISTRICT

PITMAN, NEW JERSEY

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2009**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Of the

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

For the Fiscal Year Ended June 30, 2009

Prepared by:

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

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INTRODUCTORY SECTION

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July 30, 2009

Joseph F. Martin, President
Members of the Board of Education
Pitman Public Schools
Gloucester County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Pitman Public School District for the fiscal year ended June 30, 2009, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the independent auditor's report, MD & A and the basic financial statements including the district-wide fund statements, notes to the financial statements, required supplementary information other than MD&A including budgetary comparison schedules and other supplementary information. The statistical section includes selected financial and demographic information generally presented this year on a multi-year basis. The Pitman School District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES:

The Pitman Public School District is an independent reporting entity within the criteria adopted by the G.A.S.B. as established by G.A.S.B. Statement No. 14. All funds of the District are included in this report. The Pitman Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular as well as special education for handicapped youngsters (Pre-K through 12). The District completed the 2008-2009 fiscal year with a total enrollment of 1621 which included 54 parent paid 3 and 4 year old inclusion students, 19 parent paid tuition students grades K-12, three (3) students on homebound instruction, three (3) students attending an alternative school program, 26 out-of-district handicapped student placements, and 310 special education students in District. In addition the District had 37 students participating in speech therapy only.

In the 2005-2006 school year the District began providing child care (Panther Club) for students ages 4 through grade 5 at each of the elementary school enrolling approximately 75 students. At the end of the 2008-2009 school year, the Panther Club had a total of approximately 260 students participating, including the ½ day care program for kindergarten and 4 year old students.

The increase in labor costs associated with the negotiated agreement with the Pitman Education Association was a major portion of the budget increase. The Pitman Education Association represents approximately 92% of the entire work force. Negotiations were completed as of April 2008 for a one year contract for the 2007/2008 school year and a three year contract for the 2008/2009 through 2010/2011 school years.

Health insurance also continues to increase. The District had experienced double digit increases in previous years. Through negotiations, the Pitman Board of Education has been able to implement cost saving measures to offset the double digit increases. These included increasing the co-pay at the doctor's office, increase in deductibles, and the elimination of the traditional plan in the 2008-2009 school year, as well as providing a payment of \$2,500 for individuals who wish to "sell back" their insurance plan.

Energy costs once again exceeded the originally budgeted amount even though significant steps have been taken to decrease costs by the maintenance staff and the completion of the referendum project. The District has authorized a special election for September 29, 2009 to provide for the installation of solar energy at the high school; which is projected to reduce energy costs, as well as provide for a decrease in taxes due to the state's SREC program.

ENROLLMENT AS OF JUNE 30

FISCAL YEAR	TOTAL STUDENT ENROLLMENT	SPECIAL EDUCATION ENROLLMENT
1996-1997	1824	222
1997-1998	1791	220
1998-1999	1765	226
1999-2000	1739	237
2000-2001	1725	282
2001-2002	1725	292
2002-2003	1668	281
2003-2004	1622	273
2004-2005	1617	252
2005-2006	1609	267
2006-2007	1590	313**
2007-2008	1548*	310**
2008-2009	1270	260

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

* Does NOT include 19 Parent Paid Tuition Students grades K-12 and 54 Parent Paid Tuition Students ages 3 and 4 for the 2007-2008 school year.

**Includes 26 out of district placements

2) ECONOMIC CONDITION AND OUTLOOK:

The community of Pitman continues to experience little to no growth in overall population and/or building expansion. The primary tax base of the community is residential; there is limited remaining property for development. The Borough Planning Board presented a plan for the Stewart Tract to Mayor and Council. The proposal was for "age restricted" housing. The plan involves building approximately 125 homes. Homeowners are required to be 55 years or older in order to purchase a home. The Board expressed their objection to the plan due to declining student enrollment and the relationship of student enrollment and state aid. The Planning Board's recommendation was approved by Mayor and Council. There continues to be no timelines set for the beginning of the project.

State Aid

State aid for the 2008-2009 school year increased by 3% or (\$274,112) for the first time in six years. The District maintains no more than 2% fund balance as required by P.L. 2004. The percentage of debt service aid remained the same at 48%.

Special Education

Special Education funding continues to be a highly debated topic and still must be a part of the overall solution. Funding is based upon tiers, the higher the tier the greater the funding. However, this funding has remained flat for the past six years. In addition, the Federal Government plays a part in this disparity of costs versus aid in not funding IDEA at the level promised when IDEA was enacted in the 1970's.

Federal and state mandated services and regulations continue to increase to an ever-growing population of special needs students. Providing the necessary and required services for our special education population has been recognized by the Board and Administration. The District increased the number of Pre-School Handicapped Inclusion classes to a total of 6 (2 at each building) during the 2007-2008 school year. The enrollment for the end of the school year 2008-2009 included 54 parent paid tuition students and 21 special needs students. In addition, the District is still experiencing an increase in special education students with severe needs and the need to provide the least restrictive environment for students. These two issues alone require additional resources which the cost of far exceeds the increases in aid.

Federal Funding

The District received a slight increase in IDEA Basic funds which were used to offset the cost of out-of-district tuition. IDEA PSH was also used to offset the cost of out-of-district tuition for pre-school handicapped students

The District's NCLB funding remained relatively flat for the 2008-2009 school year.

3) MAJOR INITIATIVES:

Student Achievements

SAT Scores			
2008 TESTING	PITMAN H.S. MEAN	NEW JERSEY MEAN	USA MEAN
SAT Reading Score	533	495	502
SAT Math Score	531	513	515
SAT Writing	529	496	494

Pitman SAT scores continue to remain one of the highest in the County. These scores are reflective of the strong community and parental support and our outstanding students and teachers.

Graduating Student Statistics

PERCENTAGE OF GRADUATING STUDENTS:	2008	2007	2006	2005
Attending a four year college program	61%	53%	57%	47%
Attending a two year college program	27%	38%	32%	30%
Attending specialized training program	4%	0%	2%	7%
Entering the work force	8%	2%	8%	14%
Entering the military	0%	1%	1%	2%

Pitman High School Advanced Placement

A total of 46 students took 77 AP exams in 7 different subject areas

- 9% of exams scored 5
- 38% of exams scored 4 or higher
- 69% of exams scored 3 or higher

State Testing

We are very proud of the percentage of Pitman students passing New Jersey State Wide assessments and SAT scores, which are significantly above the state means.

NJASK-3

- 92.9% of all students passed the NJASK-3 Language Arts Assessment
- 92.90% of all students passed the NJASK – 3 Mathematics Assessment

NJASK – 4

- 78.2% of all students passed the Language Arts Assessment
- 85.5% of all students passed the Mathematics Assessment
- 89.8% of all students passed the Science Assessment

NJASK – 5

- 53.8% of all students passed the Language Arts Assessment
- 64.1% of all students passed the Mathematics Assessment

NJASK – 6

- 52.9% of all students passed the Language Arts Assessment
- 67.1% of all students passed the Mathematics Assessment

NJASK – 7

- 59.4% of all students passed the Language Arts Assessment
- 57.8% of all students passed the Mathematics Assessment

GEPA – Grade 8

- 84.3% of all students passed the Language Arts Assessment
- 71.9% of all students passed the Mathematics Assessment
- 89.8% of all students passed the Science Assessment

HSPA – Grade 11

- 89.7% of all students passed the Language Arts Assessment
- 92.9% of all students passed the Mathematics Assessment

Note: In July 2008, the NJDOE Commissioner announced a recalibration of proficiency levels on 2008 ASK 5-8. Percentage of correct answers needed to reach “proficient” level increased from high 30% to low 50%. Resulting in an adverse impact on the pass rates for ASK 5-7.

District Goals

It was reported to the board by Superintendent Schulte that the continued goals of the District as set for by the Board have been completed or are being continued. The goals as set forth by the Board are as listed:

1. To create educational opportunities for all students that will promote maximum academic achievement.
2. Ensure that District facilities are well maintained, safe, and support curriculum to meet the needs of all students.
3. Actively engage the community to communicate its priorities in the process of providing for what is best for all students to the Board of Education and Administration.

Strategic Planning Process

In August 2005, the Pitman Board of Education entered into an agreement with the New Jersey School Boards Association to engage the community in a strategic planning process. The objective was to create a five-year plan for the School District. Under the leadership of Mrs. Dare Spinosi, a parent and teacher in the District, and Mr. Patrick McAleer, an elementary school principal, the strategic plan was initiated. After an entire year of the dedicated efforts of over 75 community members, the Pitman Public School’s Strategic Plan 2006 – 2011 “A Bridge to the Future” was adopted by the Board of Education in August 2006. Five (5) action teams – Student Achievement, Facilities and Finance, Curriculum and Instruction, Technology and Community Relations – were formed to create action plans in their areas for the next five (5) years, 2006-2011. The plans were highlighted by goals and objectives designed to benefit all students within the District. Each goal was subsequently entered into the timeline over the next five (5) years. It was and truly will be a vision that was created by and for the entire school community. The Board and Administration continue to work towards the completion of the goals as identified in the plan.

Insurance

The Pitman Board of Education continues its participation in the Atlantic Cape Counties Association of School Business Officials Joint Insurance Fund (ACCASBOJIF). There are 18 member districts. The District experienced a 3% increase in premiums. Dr. Roemer is an active participant as past president, chairman of Claims Management Committee, member of the Finance Committee, and Secretary to the SPELL.

The Safety Committee is still active. The committee met four times and consisted of a variety of staff members from all buildings and departments. Mr. Frank Fragale was elected the chairperson. The purpose

of the committee for the second year was to make safety a priority. The District met the criteria as an Elite District under the ACCASBOJIF guidelines and received a check in the amount of \$1,000 to offset expenses for safety equipment purchases.

Grants

E-Rate - The District continues to file applications under the Universal Service Fund (E- Rate), providing a 43% rebate on phone services and internet access. The District received discounts on phone services and internet access.

Facilities

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

4) INTERNAL ACCOUNTING CONTROLS:

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

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

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

5) BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Fund, and the Debt Service Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund

balance on June 30, 2009.

6) ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principals, as promulgated by the Governmental Accounting Standards Board (G.A.S.B.). The accounting system of the District is organized on the basis of funds and account groups which are converted from governmental fun balances to net assets. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

7) FINANCIAL INFORMATION AT FISCAL YEAR-END:

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

8) DEBT ADMINISTRATION:

At June 30, 2009, the District's outstanding debt issues include \$9,904,000 of general obligation bond principal. This amount includes the amounts associated with refinancing of the Series 1998 school bonds and the Series 2006 school bonds. In 2006, the debt for the Auditorium at the High School was completed. The total principal on the 1998 Bonds is \$5,675,000 and \$4,219,000 on the 2006 Bonds.

9) CASH MANAGEMENT:

The investment policy of the District is guided in large part by the state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act. The District depository is TD Bank, N.A., where all funds earn interest from the date of deposit at the U.S. Treasury Bill rate, at the 90 day T-bill rate. The District also maintains a small investment account of approximately \$30,000 in the New Jersey Cash Management Fund.

10) RISK MANAGEMENT:

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

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

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

The Fund provides the following coverage:

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

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

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

11) FUND BALANCE:

The fund balance as of June 30, 2009 for the District (See Exhibit B-1) is \$782,159. This fund balance represents the governmental funds for 2008-2009. Due to cost saving measures the District's fund balance is greater than the 2% as established by P.L. 2004. Therefore, funds above the allowable amount will roll into fund balance and will be appropriated for tax relief for the 2009-2010 budget.

12) OTHER INFORMATION:

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Petroni & Associates was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements is included in the financial section of this report.

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

13) CAPITAL IMPROVEMENT PLAN:

No funds were dedicated for projects during the 2008-2009 from the Capital Reserve Account.

14) ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Pitman Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our business office employees Susan Armstrong, Joann Hilferty, and Amanda Miller. We also appreciate the guidance and advice of our treasurer Earl J. Kelly.

Respectfully submitted,



Thomas F. Schulte
Superintendent of Schools



Deborah Roncace
Business Administrator/
Board Secretary

**Pitman School District
Pitman, New Jersey**

**ROSTER OF OFFICIALS
June 30, 2009**

Board of Education Members

<u>Board Member</u>	<u>Office Held</u>	<u>Term Date</u>
Joseph F. Martin, Jr.	President	2010
Stacy DeClement	Vice President	2010
Thomas DeGeorge	Board Member	2011
Will Downham	Board Member	2010
Thomas Hahn	Board Member	2012
Don Pallies	Board Member	2011
Bonnie Savage	Board Member	2012

OTHER OFFICIALS

Thomas F. Schulte, Superintendent of Schools

Michele D. Roemer, Assistant Superintendent of Business/Board Secretary (until July 31, 2009)

Deborah J. Roncace, Assistant Superintendent of Business/Board Secretary (as of August 1, 2009)

Earl J. Kelly, Treasurer (until June 30, 2009)

Beth Walls, Treasurer (as of July 1, 2009)

Samuel H. Bullock Esq., Solicitor

**Pitman School District
Pitman, New Jersey**

List of Consultants

Auditor:

Petroni & Associates
21 W. High Street
Glassboro, NJ 08028

Contact: Nick Petroni
Certified Public Accountant

Solicitor:

Samuel H. Bullock, Esq.
121 West Jersey Avenue
Pitman, NJ 08071

Treasurer:

Earl J. Kelly

Depository:

TD Banknorth
51 North Woodbury Road
Pitman, NJ 08071

Risk Management Consultant:

Len Eckman Inc.
302 Montgomery Avenue
Pitman, NJ 08071

FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Borough of Pitman School District
County of Gloucester
Pitman, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Pitman School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough of Pitman School Board of Education's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements for the fiscal year ended June 30, 2008. Those financial statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it related to the amounts included for the fiscal year ended June 30, 2008 is based on the reports of the other auditor.

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 audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Borough of Pitman School Board of Education, in the County of Gloucester, State of New Jersey, as of June 30, 2009, and the respective changes in financial position and cash flows, where

applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2009 on our consideration of the Borough of Pitman School Board of Education's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Budgetary Comparison on pages 19 through 27 and 69 through 80 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United State of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Pitman School Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information, such as, the combining and individual fund financial statements, long-term debt schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

The accompanying schedules of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PETRONI & ASSOCIATES



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542

October 13, 2009

Required Supplementary Information – Part I

Borough of Pitman School District
Pitman, New Jersey

Management's Discussion & Analysis
Fiscal Year Ended June 30, 2009
Unaudited

This section of Pitman Public School District's (P.S.D.) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2009. Comparative financial data is presented. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

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

Borough of Pitman School District
Pitman, New Jersey

Management's Discussion & Analysis
Fiscal Year Ended June 30, 2009
Unaudited

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

Fund Financial Statements

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

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

District-wide Financial Statements

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

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

Borough of Pitman School District
Pitman, New Jersey

Management's Discussion & Analysis
Fiscal Year Ended June 30, 2009
Unaudited

District-wide Statements (Continued)

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

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

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

Fund Financial Statements

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

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

The District has four kinds of funds:

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

Borough of Pitman School District
Pitman, New Jersey

Management's Discussion & Analysis
Fiscal Year Ended June 30, 2009
Unaudited

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 43 to 68 of this Report.

Borough of Pitman School District
Pitman, New Jersey

Management's Discussion & Analysis
Fiscal Year Ended June 30, 2009
Unaudited

Financial Analysis of the District as a Whole

Net assets: The District's combined total net assets are \$1,327,965 on June 30, 2009 (see Exhibit A-1). Approximately 1% of the total net assets are from business-type activities, while the balance of the total net assets of 99 %, is attributable to governmental activities.

Borough of Pitman School District's Net Assets

	FY 2009		FY 2008		Total	
	Governmental	Business-Type	Governmental	Business-Type	FY 2009	FY 2008
Assets						
Current and Other Assets	1,630,796	126,211	1,945,079	95,677	1,757,007	2,040,756
Capital Assets	11,405,390	46,109	11,871,708	53,102	11,451,499	11,924,810
Total Assets	<u>13,036,186</u>	<u>172,320</u>	<u>13,816,787</u>	<u>148,779</u>	<u>13,208,506</u>	<u>13,965,566</u>
Liabilities						
Noncurrent liabilities	566,935	28,304	106,800	13,439	595,239	120,239
Other liabilities	11,278,256	7,046	11,503,985	14,944	11,285,302	11,518,929
Total liabilities	<u>11,845,191</u>	<u>35,350</u>	<u>11,610,785</u>	<u>28,383</u>	<u>11,880,541</u>	<u>11,639,168</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	1,292,415	46,109	1,393,689	53,101	1,338,524	1,446,790
Restricted	1,221,806		1,532,865		1,221,806	1,532,865
Unrestricted	<u>(1,323,226)</u>	<u>90,861</u>	<u>(720,551)</u>	<u>67,294</u>	<u>(1,232,365)</u>	<u>(653,257)</u>
Total net assets	<u>1,190,995</u>	<u>136,970</u>	<u>2,206,003</u>	<u>120,395</u>	<u>1,327,965</u>	<u>2,326,398</u>

Borough of Pitman School District
Pitman, New Jersey

Management's Discussion & Analysis
Fiscal Year Ended June 30, 2009
Unaudited

Changes in net assets: The District's total revenues are \$23,948,004 for the fiscal period ended June 30, 2009 (see Exhibit A-2). Property taxes, fees charged for services (tuition, use of facility) and miscellaneous sources (interest, entrance fees) and state formula aid accounted for 98% of the District's revenue; 2% is derived from state and federal aid for specific programs.

Borough of Pitman School District's
Changes in Net Assets

	2009		2008		Total	
	Governmental	Business-Type	Governmental	Business-Type	FY 2009	FY 2008
Revenues						
Program Revenues						
Charges for services	49,955	672,497	33,500	617,321	722,452	650,821
Operating grants & contributions	546,708	106,386	2,595,796	94,895	653,094	2,690,691
General Revenues						
Property taxes	10,866,631		10,619,313		10,866,631	10,619,313
Grants and entitlements	11,558,592		10,893,729		11,558,592	10,893,729
Other	147,235		231,483		147,235	231,483
Total Revenue	<u>23,169,121</u>	<u>778,883</u>	<u>24,373,821</u>	<u>712,216</u>	<u>23,948,004</u>	<u>25,086,037</u>
Expenses						
Instruction	10,564,073		12,068,457		10,564,073	12,068,457
Student & instructional related serv.	3,421,826		3,498,078		3,421,826	3,498,078
School administration	1,124,103		1,383,220		1,124,103	1,383,220
General administrative services	461,556		451,324		461,556	451,324
Central services	389,436		318,824		389,436	318,824
Plant operations & maintenance	2,083,627		2,356,830		2,083,627	2,356,830
Pupil transportation	384,427		299,661		384,427	299,661
Employee benefits	4,565,166		2,595,796		4,565,166	2,595,796
Interest on debt	426,657		446,419		426,657	446,419
Food service		461,529		456,433	461,529	456,433
Other business-type		369,660		365,820	369,660	365,820
Unallocated depreciation	490,540		506,410		490,540	506,410
Capital outlay	203,837				203,837	
Total Expenses	<u>24,115,248</u>	<u>831,189</u>	<u>23,925,019</u>	<u>822,253</u>	<u>24,946,437</u>	<u>24,747,272</u>
Transfers	<u>(90,000)</u>	<u>90,000</u>	<u>(84,238)</u>	<u>84,238</u>		
Increase (Decrease) in Net Assets	<u>(1,036,127)</u>	<u>37,694</u>	<u>364,564</u>	<u>(25,799)</u>	<u>(998,433)</u>	<u>338,765</u>

The District's expenses are predominantly related to education and caring for students. The purely general and central administrative activities of the District accounted for approximately 3.4% of the total costs. Salary increases due to contractual agreement for teachers and other educational staff is included in the instruction-related costs.

Borough of Pitman School District
Pitman, New Jersey

Management's Discussion & Analysis
Fiscal Year Ended June 30, 2009
Unaudited

Governmental Activities

Revenues for governmental activities were \$23,169,121 while total expenses amounted to \$24,115,248 and transfers of \$90,000. This resulted in a decrease in net assets in governmental activities of \$1,036,127 for fiscal year 2009.

Business-Type Activities

Revenues for the District's business-type activities amounted to \$263,635. Total expenses amounted to \$831,189 and net assets increased by \$37,694.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is primarily reflected in its governmental funds. As the District completed the year, its Governmental Funds reported a *combined* fund balance of \$782,159, which consists of General Fund balance \$688,347, unexpended Capital Projects \$87,551 and Debt Service \$6,261. On a budgetary basis the General Fund unrestricted fund balance is \$491,807. This represents approximately 2% of the total budget. District officials continue to express concern over the lack of budgetary fund balance for emergency purposes due to the implementation of P.L. 2004 which required districts to reduce their fund balance.

General Fund Budgetary Highlights

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

- Appropriation of surplus due to Extraordinary State Aid received.
- Transfers between budgetary line accounts to prevent overruns.

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

Borough of Pitman School District
Pitman, New Jersey

Management's Discussion & Analysis
Fiscal Year Ended June 30, 2009
Unaudited

Capital Asset and Debt Administration

Capital Assets

The Pitman Borough School investment in capital assets for its Governmental and Business-type activities as of June 30, 2009 amounts to \$11,451,499 (net of accumulated depreciation). Total depreciation expense for Governmental and Business-type activities is \$539,154. The District's fiscal year 2009 capital budget does not anticipate spending any additional funds. This investment in capital assets includes land, buildings, equipment and furniture see table below (more detailed information about capital assets can be found in Note 5 to the financial statements).

Pitman Borough School District's Capital Assets

	2009		2008		Total	
	Governmental	Business- Type	Governmental	Business- Type	2009	2008
Land	101,593		101,593		101,593	101,593
Land improvements	132,142		161,787		132,142	161,787
Buildings and Improvements	10,542,060		10,972,943		10,542,060	10,972,943
Machinery & Equipment	629,595	46,109	635,386	53,101	675,704	688,487
	<u>11,405,390</u>	<u>46,109</u>	<u>11,871,709</u>	<u>53,101</u>	<u>11,451,499</u>	<u>11,924,810</u>

Long-term Debt

At June 30, 2009, the School District had \$9,904,000 in serial bonds. The amount reflected in the table below includes the premium on bonds less deferred amount on refunding. Other outstanding long-term debt consists of \$182,621 in capital leases. (More detailed information about long-term debt can be found in Note 6 and 16 to the financial statements.)

The state limits the amount of general obligation debt the District can issue to 4 percent of the equalized valuation of all taxable property within the District. The current limit is \$28,626,818 of which \$18,722,818 is available for the issuance of debt.

Outstanding Debt at June 30

			Percentage
	2009	2008	Change
Refunding Bonds of 2005	5,675,000	6,105,000	-7.04%
School Bonds of 2006	4,229,000	4,229,000	0.00%
Total	<u>9,904,000</u>	<u>10,334,000</u>	-4.16%

Borough of Pitman School District
Pitman, New Jersey

Management's Discussion & Analysis
Fiscal Year Ended June 30, 2009
Unaudited

Factors Bearing on the District's Future

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

- The Pitman Board of Education negotiated with the Pitman Education Association throughout the 2007-2008 school year, concluding in April of 2008 with a settlement for a 1 year contract plus a 3 year contract including the 2007-2008 and 2008 through 2011. The Pitman Education Association represents all certified staff and support staff members.
- P.L. 2004 restricts increases to the 2008-2009 budget in total administrative costs (including fixed charges). This has and will continue to present challenges to the budgeting process.
- Special Education costs are an issue during each budgeting cycle. The District has experienced the need for additional resources for in-house programs.
- Transportation and energy costs have and are expected to continue to rise due to the cost of fuel and labor. The District entered into a contract with GreenTech for the installation of Occupancy Sensors in all classroom and office spaces in each building and the replacement of the HDI lights in the High School gymnasium and High School and Middle School Auditoriums. The District received approvals under the New Jersey Clean Energy Program and is eligible for rebates for both projects. Project was completed in the fall of 2008.
- The District's enrollment decreased during the 2008-2009 school year. However, due to the implementation of a 3 and 4 year old parent paid tuition program, the District has 70+ tuition students.
-
- With the passage of P.L. 2004 the Board will be contending with a number of issues.
- Energy costs have skyrocketed in the past four years. The District participates in a consortium of approximately 65 school districts for gas and electricity. Regardless, the energy costs still increased by approximately \$100,000.00.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOROUGH OF PITMAN SCHOOL DISTRICTStatement of Net AssetsJune 30, 2009

	Governmental Activities	Business-type Activities	Totals	
			FY 2009	FY 2008
<u>ASSETS</u>				
Cash and cash equivalents	247,437	101,458	348,895	1,350,956
Receivables, net	483,653	20,707	504,360	112,710
Inventory		4,046	4,046	6,570
Interfund accounts receivable	122,550		122,550	218
Restricted assets:				
Restricted cash and cash equivalents	93,812		93,812	161,177
Capital reserve account - cash	40,337		40,337	39,974
Maintenance reserve - cash	400,000		400,000	100,000
Deferred bond issuance costs, net	87,565		87,565	96,112
Deferred Amount on refunding, net	155,442		155,442	173,039
Capital assets				
Non-depreciable	101,593		101,593	101,593
Assets net of depreciation	11,303,797	46,109	11,349,906	11,823,217
Total Assets	<u>13,036,186</u>	<u>172,320</u>	<u>13,208,506</u>	<u>13,965,566</u>
<u>LIABILITIES</u>				
Cash overdraft	289,710	9,192	298,902	
Accounts payable	267,022	2,479	269,501	91,695
Deferred revenue	10,203	16,633	26,836	28,544
Noncurrent liabilities:				
Due within one year	870,838		870,838	697,650
Due beyond one year	10,407,418	7,046	10,414,464	10,821,279
Total Liabilities	<u>11,845,191</u>	<u>35,350</u>	<u>11,880,541</u>	<u>11,639,168</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	1,292,415	46,109	1,338,524	1,446,790
Restricted for:				
Debt Service	6,261		6,261	52,481
Capital Projects	127,888		127,888	127,525
Other Purposes	1,087,657		1,087,657	1,352,859
Unrestricted	(1,323,226)	90,861	(1,232,365)	(653,257)
Total Net Assets	<u>1,190,995</u>	<u>136,970</u>	<u>1,327,965</u>	<u>2,326,398</u>

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction:						
Regular	7,015,470			(7,015,470)		(7,015,470)
Special education	2,689,344		513,918	(2,175,426)		(2,175,426)
Other special education	301,076			(301,076)		(301,076)
Other instruction	558,183			(558,183)		(558,183)
Support services:						
Tuition	984,272			(984,272)		(984,272)
Student & instructional related services	2,437,554		5,200	(2,432,354)		(2,432,354)
General administrative services	461,556			(461,556)		(461,556)
School administrative services	1,124,103			(1,124,103)		(1,124,103)
Central services	389,436	49,955		(339,481)		(339,481)
Plant operations & maintenance	2,083,627			(2,083,627)		(2,083,627)
Pupil transportation	384,427			(384,427)		(384,427)
Employee benefits	4,565,166		27,590	(4,537,576)		(4,537,576)
Interest on long-term debt	426,657			(426,657)		(426,657)
Capital outlay	203,837			(203,837)		(203,837)
Unallocated depreciation	490,540			(490,540)		(490,540)
Total governmental activities	<u>24,115,248</u>	<u>49,955</u>	<u>546,708</u>	<u>(23,518,585)</u>		<u>(23,518,585)</u>
Business-type activities:						
Food Service	461,529	285,024	106,386		(70,119)	(70,119)
Other Activities	369,660	387,473			17,813	17,813
Total business-type activities	<u>831,189</u>	<u>672,497</u>	<u>106,386</u>		<u>(52,306)</u>	<u>(52,306)</u>
Total primary government	<u>24,946,437</u>	<u>722,452</u>	<u>653,094</u>	<u>(23,518,585)</u>	<u>(52,306)</u>	<u>(23,570,891)</u>
General revenues:						
Property taxes, levied for general purpose, net				10,474,358		10,474,358
Taxes levied for debt service				392,273		392,273
Federal and state aid not restricted				11,558,592		11,558,592
Tuition from individuals				81,662		81,662
Tuition from other LEA's within the state				17,247		17,247
Investment earnings				27,269		27,269
Miscellaneous income				21,057		21,057
Transfers				(90,000)	90,000	
Total general revenues, special items, extraordinary items and transfers				<u>22,482,458</u>	<u>90,000</u>	<u>22,572,458</u>
Change in Net Assets				(1,036,127)	37,694	(998,433)
Net Assets - beginning as restated				2,227,122	99,276	2,326,398
Net Assets - end				<u>1,190,995</u>	<u>136,970</u>	<u>1,327,965</u>

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

BOROUGH OF PITMAN SCHOOL DISTRICT

Balance Sheet

Governmental Funds

June 30, 2009

	Major Funds		Non-Major		Totals	
	General	Special	Capital	Debt	FY 2009	FY 2008
	Fund	Revenue	Projects	Service		
	Fund	Fund	Fund	Fund		
<u>ASSETS</u>						
Cash and cash equivalents	208,742		87,600	6,212	302,554	1,411,779
Due other funds	122,550			49	122,599	28,407
Receivables, net	118,398				118,398	26,698
Receivables from other governments	52,685	312,570			365,255	69,370
Restricted cash and cash equivalents	440,337				440,337	139,974
Total Assets	<u>942,712</u>	<u>312,570</u>	<u>87,600</u>	<u>6,261</u>	<u>1,349,143</u>	<u>1,676,228</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Cash overdraft		289,710			289,710	
Accounts payable	250,115	16,907			267,022	91,120
Deferred revenue	4,250	5,953			10,203	15,680
Due Debt Service Fund			49		49	300
Total liabilities	<u>254,365</u>	<u>312,570</u>	<u>49</u>		<u>566,984</u>	<u>107,100</u>
Fund Balances:						
Reserved for:						
Encumbrances	86,876				86,876	90,564
Excess surplus	148,075				148,075	539,583
Excess surplus - designated for subsequent year's expenditures	539,582				539,582	713,276
Maintenance reserve	400,000				400,000	100,000
Capital reserve account	40,337				40,337	39,974
Unreserved, reported in:						
General Fund	(526,523)				(526,523)	(51,354)
Special Revenue Fund						(2,947)
Capital Projects Fund			87,551		87,551	87,551
Debt Service Fund				6,261	6,261	52,481
Total fund balances	<u>688,347</u>		<u>87,551</u>	<u>6,261</u>	<u>782,159</u>	<u>1,569,128</u>
Total liabilities and fund balances	<u>942,712</u>	<u>312,570</u>	<u>87,600</u>	<u>6,261</u>		

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2009

	<u>FY 2009</u>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$19,385,928 and the accumulated depreciation is \$7,980,538 (see Note 5).	11,405,390
Internal Service Funds are used by management to charge costs of certain activities, such as business services to other governments. Assets and liabilities of the Internal Service Fund of \$38,695 are included in the Statement of Net Assets.	38,695
Deferred bond issuance costs are expensed in governmental funds in the year the bonds are issued but are capitalized in the Statement of Net Assets. The bond issuance costs for Series 2005 are \$88,910, the amortization is \$6,883 and the accumulated amortization is \$28,107. The bond issuance costs for Series 2006 are \$32,586, the amortization is \$1,664 and the accumulated amortization is \$5,824.	87,565
Deferred refunding bond costs are expensed in governmental funds in the year the bonds are issued but are capitalized in the Statement of Net Assets. The refunding amounts for Series 2005 are \$227,297, the amortization is \$17,597 and the accumulated amortization is \$71,855.	155,442
Interest on long-term debt in the Statement of Activities is accrued, regardless of when due.	(129,239)
Premiums are recorded in governmental funds in the year the bonds are issued but are capitalized in the Statement of Net Assets. The premium for the Series 2005 are \$204,895, and the amortization is \$15,863 and the accumulated amortization is \$64,773.	(140,122)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6).	(11,008,895)
Net assets of governmental activities	<u>1,190,995</u>

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds
For the Year Ended June 30, 2009

	Major Funds		Non-Major	Major	Totals	
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	FY 2009	FY 2008
REVENUES						
Local tax levy	10,474,358			392,273	10,866,631	10,619,313
Tuition from individuals	81,662				81,662	80,117
Tuition from other LEA's within the state	17,247				17,247	5,482
Interest earned on investments	26,050		855		26,905	91,245
Interest earned on capital reserve funds	364				364	676
Miscellaneous	21,057				21,057	53,963
	10,620,738		855	392,273	11,013,866	10,850,796
State sources	11,146,313	4,947		409,627	11,560,887	12,945,500
Federal sources	2,652	541,761			544,413	544,025
Total revenues	21,769,703	546,708	855	801,900	23,119,166	24,340,321
EXPENDITURES						
Current:						
Regular instruction	7,007,608				7,007,608	7,173,236
Special education instruction	2,162,074	510,971			2,673,045	2,151,179
Other special instruction	300,243				300,243	209,966
Other instruction	553,615				553,615	533,613
Support services & undistributed costs:						
Tuition	934,652				934,652	787,556
Student & instruction related services	2,416,216	5,200			2,421,416	2,333,125
General administrative services	402,334				402,334	412,661
School administrative services	1,104,078				1,104,078	1,099,471
Central services	334,668				334,668	306,444
Plant operations and maintenance	2,083,627				2,083,627	2,009,565
Pupil transportation	376,355				376,355	299,661
Employee benefits	4,535,521	27,590			4,563,111	5,543,212
Debt service:						
Principal				430,000	430,000	475,000
Interest and other charges				418,975	418,975	441,775
Capital outlay	415,023				415,023	307,620
Total expenditures	22,626,014	543,761		848,975	24,018,750	24,084,084
Excess (Deficiency) of revenues over expenditures	(856,311)	2,947	855	(47,075)	(899,584)	256,237
OTHER FINANCING SOURCES (USES)						
Capital leases (non-budgeted)	202,616				202,616	100,000
Transfers in			(855)	855		
Transfers to Food Service Fund	(90,000)				(90,000)	(84,238)
Total other financing sources and uses	112,616		(855)	855	112,616	15,762
Net change in fund balances	(743,695)	2,947		(46,220)	(786,968)	271,999
Fund balance - July 1	1,432,042	(2,947)	87,551	52,481	1,569,127	1,297,128
Fund balance - June 30	688,347		87,551	6,261	782,159	1,569,127

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2009

Total net change in fund balances - governmental funds (from B-2)		(786,968)
<p>Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:</p>		
<p>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.</p>		
Capital outlay	65,843	
Depreciation expense	(532,162)	(466,319)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.</p>		
Bond principal payments		430,000
Capital lease obligation principal payments		145,343
Capital lease obligation proceeds		(202,616)
<p>Bond issuance costs are reported in the governmental funds as expenditures in the year the bonds are issued. However, in the Statement of Activities, the costs are amortized over the life of the bonds.</p>		
Premium on bonds		15,863
Deferred bond issuance costs		(8,547)
Deferred amount on refunding		(17,597)
<p>Interest on long-term debt in the Statement of Activities differs from the amounts reported in the Governmental Funds because interest is recorded as an expenditure in the funds when it is due, and thus requires that use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The net change in the accrued interest was a decrease.</p>		
		2,599
<p>Internal Service Funds are used by management to charge the costs of certain activities, such as shared business services. The operating income \$17,575 is included in the governmental activities and Statement of Net Assets.</p>		
		17,575
<p>In the Statement of Activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.</p>		
		(165,460)
Change in net assets of governmental activities		(1,036,127)

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN SCHOOL DISTRICTStatement of Net AssetsProprietary FundsJune 30, 2009

	Business-type Activities - Enterprise Funds - Major Funds				Governmental Activities - Internal Service Fund	
	Food Service	Before/After School	Preschool Program	Totals		
				FY 2009		FY 2008
ASSETS:						
Current assets:						
Cash and cash equivalents		86,662	14,796	101,458	79,234	38,695
Accounts receivable	17,785	2,462	460	20,707	16,642	
Inventories	4,046			4,046	6,570	
Total current assets	21,831	89,124	15,256	126,211	102,446	38,695
Noncurrent assets:						
Furniture, machinery & equipment	177,993			177,993	177,993	
Less: accumulated depreciation	(131,884)			(131,884)	(124,892)	
Total noncurrent assets	46,109			46,109	53,101	
Total assets	67,940	89,124	15,256	172,320	155,547	
LIABILITIES						
Current liabilities:						
Cash overdraft	9,192			9,192		
Accounts payable	2,479			2,479	575	
Interfund accounts payable						
General Fund					27,889	
Deferred revenue	1,639	12,784	2,210	16,633	12,864	
Compensated absences	7,046			7,046	14,944	
Total current liabilities	20,356	12,784	2,210	35,350	56,272	
NET ASSETS						
Invested in capital assets, net of related debt	46,109			46,109	53,101	
Unrestricted	1,475	76,340	13,046	90,861	46,174	38,695
Total net assets	47,584	76,340	13,046	136,970	99,275	38,695

BOROUGH OF PITMAN SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Year Ended June 30, 2009

	Business-type Activities Enterprise Funds - Major Funds				Governmental Activities - Internal Service Fund	
	Food Service	Before/After School	Preschool Program	Totals		
				FY 2009		FY 2008
OPERATING REVENUES:						
Local sources:						
Daily sales-reimbursable programs:	161,809			161,809	149,619	
Daily sales special milk	3,501			3,501	3,278	
Daily sales non-reimbursable programs	118,352			118,352	123,985	
Special function/miscellaneous	1,362			1,362		
Other charges and fees					49,955	
Tuition		271,769	115,704	387,473	340,439	
Total operating revenue	285,024	271,769	115,704	672,497	617,321	
OPERATING EXPENSES:						
Salaries	181,865	187,684	108,962	478,511	469,561	
Employee benefits	45,016	16,547	8,336	69,899	66,315	
Other professional/technical services					3,470	
Supplies and materials	21,023	43,159		64,182	77,683	
Other purchased services (400-500 series)	3,806	1,271		5,077	4,531	
Depreciation	6,991			6,991	6,643	
Miscellaneous other expenses	1,609	3,701		5,310	6,152	
Cost of sales	201,219			201,219	189,829	
Total operating expenses	461,529	252,362	117,298	831,189	820,714	
Operating income (loss)	(176,505)	19,407	(1,594)	(158,692)	(203,393)	
NON-OPERATING REVENUES:						
State sources:						
National School Lunch Program - State	5,445			5,445	5,225	
School Breakfast Program	204			204	300	
Federal sources:						
National School Lunch Program	79,116			79,116	68,030	
School Breakfast Program	2,696			2,696	4,179	
Special Milk Program	1,983			1,983	2,829	
Food Distribution Program	16,942			16,942	14,332	
Loss in disposal of capital assets					(1,540)	
Total non-operating revenues (expenses)	106,386			106,386	93,355	
Transfer from General Fund - Bd. Contribution	90,000			90,000	84,238	
Net income (loss)	19,881	19,407	(1,594)	37,694	(25,800)	
Total net assets - beginning	27,703	56,933	14,640	99,276	125,076	
Total net assets - ending	47,584	76,340	13,046	136,970	99,276	

BOROUGH OF PITMAN SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

	Business-type Activities Enterprise Funds - Major Funds				Governmental Activities - Internal Service Fund	
	Food Service	Before/After School	Preschool Program	Totals		
				FY 2009	FY 2008	
Cash flows from operating activities:						
Receipts from customers	284,966	276,126	115,914	677,006	622,040	49,955
Payments to suppliers	(210,124)	(48,131)		(258,255)	(279,117)	(3,470)
Payments to employees	(189,202)	(187,684)	(108,962)	(485,848)	(474,157)	(26,855)
Payments for employee benefits	(43,108)	(16,547)	(8,492)	(68,147)	(66,159)	(2,055)
Other receipts (payments)					42,807	
Net cash provided (used) by operating activities	(157,468)	23,764	(1,540)	(135,244)	(154,586)	17,575
Cash flows from non-capital financing activities:						
Cash received from state & federal reimbursements	86,165			86,165	70,409	
Net cash provided by non-capital financing activities	86,165			86,165	70,409	
Cash flows from investing activities:						
Payments to General Fund	(27,889)			(27,889)		
Payments from General Fund	90,000			90,000	84,238	
Net cash provided by investing activities	62,111			62,111	84,238	
Cash flows from capital and related activities:						
Purchase of capital assets					(20,531)	
Net cash used by capital and related activities					(20,531)	
Net increase in cash and cash equivalents	(9,192)	23,764	(1,540)	13,032	(20,470)	17,575
Cash and cash equivalents - July 1		62,898	16,336	79,234	99,704	21,120
Cash and cash equivalents - June 30	(9,192)	86,662	14,796	92,266	79,234	38,695

BOROUGH OF PITMAN SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

	Business-type Activities Enterprise Fund				Governmental Activities - Internal Service Fund	
	Food Service	Before/After School	Preschool Program	Totals		
				FY 2009		FY 2008
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	(176,505)	19,407	(1,594)	(158,692)	(203,393)	17,575
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:						
Depreciation	6,991			6,991	6,643	
Food Distribution Program	16,942			16,942	14,918	
Change in assets and liabilities:						
(Increase) decrease in accts. receivable	(57)	(529)	(200)	(786)	2,828	
(Increase) decrease in inventory	580			580	(1,541)	
(Increase) decrease in prepaid expenses					290	
Increase (decrease) in accounts payable	2,479		(156)	2,323	486	
Increase in interfund accounts payable					27,888	
Increase in compensated absences	(7,898)			(7,898)	(4,597)	
Increase (decrease) in deferred revenue		4,886	410	5,296	1,892	
	<u>(157,468)</u>	<u>23,764</u>	<u>(1,540)</u>	<u>(135,244)</u>	<u>(154,586)</u>	<u>17,575</u>

BOROUGH OF PITMAN SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Proprietary Funds
June 30, 2009

	Unemployment Compensation Trust Fund	Agency Funds	Totals	
			FY 2009	FY 2008
ASSETS:				
Current assets:				
Cash and cash equivalents	81,074	213,217	294,291	158,940
Total assets	<u>81,074</u>	<u>213,217</u>	<u>294,291</u>	<u>158,940</u>
LIABILITIES				
Current liabilities:				
Payroll deductions and withholdings		170	170	4,575
Due to student groups		90,497	90,497	85,136
Interfund accounts payable				
General Fund		122,550	122,550	218
Total current liabilities		<u>213,217</u>	<u>213,217</u>	<u>89,929</u>
NET ASSETS				
Held in trust for scholarships	<u>81,074</u>		<u>81,074</u>	<u>69,011</u>

BOROUGH OF PITMAN SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Year Ended June 30, 2009

	Unemployment Compensation Trust Fund	Totals	
		FY 2009	FY 2008
ADDITIONS:			
Contributions:			
Plan members	32,797	32,797	31,741
Total contributions	<u>32,797</u>	<u>32,797</u>	<u>31,741</u>
Investment earnings:			
Interest	611	611	1,651
Total additions	<u>611</u>	<u>611</u>	<u>1,651</u>
DEDUCTIONS:			
Unemployment Claims	21,345	21,345	19,906
Change in Net Assets	12,063	12,063	13,486
Net Assets - Beginning of year	69,011	69,011	55,525
Net Assets - End of year	<u><u>81,074</u></u>	<u><u>81,074</u></u>	<u><u>69,011</u></u>

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The financial statements of the Board of Education of Borough of Pitman School District have been prepared in conformity with accounting principles generally accepted in the United States of America (G.A.A.P.) as applied to governmental units. The Governmental Accounting Standards Board (G.A.S.B.) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity

The Borough of Pitman School District is a Type II District located in the County of Gloucester, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of seven members elected to three-year terms. The terms are staggered so that at least two members' terms expire each year. The purpose of the District is to educate students in grades K- 12. The Borough of Pitman School District had an approximate enrollment at June 30, 2009 of 1,613 students.

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

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

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

B. Basis of Presentation

The School District's basic financial statements consist of District-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

District-Financial Statements

The Statement of Net Assets and Statement of Activities display information about the District as a whole. These Statements include the financial activities of the overall District except for fiduciary funds. The activity of the Internal Service Fund is eliminated to avoid "doubling up" of revenues and expenses. These Statements distinguish between governmental and business-type activities of

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

the School District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Assets presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs; and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

Fund Financial Statements

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate their legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The New Jersey Department of Education (N.J.D.O.E.) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in G.A.S.B. No. 34, paragraph 76. The N.J.D.O.E. believes that the presentation of all funds as major is important for public interest and to promote consistency among District financial reporting models.

The District reports the following governmental funds:

GOVERNMENTAL FUNDS

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

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

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

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

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

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

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

PROPRIETARY FUNDS

Proprietary Funds focus on the determination of changes in net assets, financial position and cash flows and are classified as either Enterprise or Internal Service.

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

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

Internal Service Fund – The Internal Service Fund has been established to account for financing of business office services provided by the Borough of Pitman School District for use by other districts within the County of Gloucester, as well as for the Borough of Pitman School District itself. Services are provided on a cost-reimbursement basis.

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

FIDUCIARY FUNDS

The Fiduciary Fund category is comprised of Trust and Agency Funds. Trust Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other, governments and therefore not available to support the School District's own programs. The Fiduciary Funds include Student Activity Fund, Payroll, Payroll Agency Funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Basis of Accounting

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

Governmental Fund Financial Statements

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

District-wide, Proprietary, and Fiduciary Fund Financial Statements

The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Ad Valorem (property) Taxes are susceptible to accrual and under New Jersey State statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable."

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

All governmental and business-type activities and proprietary funds of the District follow Financial Accounting Standards Board (F.A.S.B.) Statements and Interpretations and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict G.A.S.B. pronouncements. The District's proprietary funds have elected not to apply the standards issued by F.A.S.B. after November 30, 1989.

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments and/or transfers of appropriations must be made by School Board resolution at any time during the fiscal year. All budget amendments presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from G.A.A.P. in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the G.A.A.P. basis does not. Sufficient supplemental records are maintained to allow for the presentation of G.A.A.P. basis financial reports.

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Cash Equivalents

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

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of Governmental Unit Deposit Protection Act (G.U.D.P.A.). G.U.D.P.A. was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. 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 depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least 5% of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

G. Inventories

On District-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consist of expendable supplies held for consumption. The cost of inventory items are recorded as expenditures under the governmental fund types when purchased. Inventories of the Enterprise Fund are expensed when used.

H. Interfund Receivables/Payables

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

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Interfund Receivables/Payables (Continued)

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the Statement of Net Assets, except for amounts due between governmental and business-type activities or governmental and agency funds, which are presented as internal balances.

I. Capital Assets

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal repairs and maintenance are not capitalized. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the estimated useful lives.

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

J. Accrued Salaries and Wages

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

K. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted in the period in which such services are rendered or in which such events take place. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Revenue

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

M. Accrued Liabilities and Long-term Obligations

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

N. Net Assets

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

O. Fund Balance Reserves

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

P. Revenues – Exchange and Non-exchange Transactions

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

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Revenues – Exchange and Non-exchange Transactions (Continued)

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

Q. Operating Revenues and Expenses

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

R. Allocation of Indirect Expenses

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

S. Extraordinary and Special Items

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

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Use of Estimates

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

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Deposits

New Jersey statutes (N.J.S.A. 18A:20-37) require that school districts deposit public funds in contracted depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit funds in the State of New Jersey Cash Management Fund.

On October 3, 2008, the Emergency Economic Stabilization Act of 2008 was enacted, which temporarily raises the basic limit on federal deposit insurance coverage from \$100,000 to \$250,000 per depositor. The legislation provides that the basic deposit insurance limit will return to \$100,000 after December 31, 2009. On May 20, 2009 this was extended through December 31, 2013.

The carrying amount of the District's cash and cash equivalents at June 30, 2009 was \$878,433 and the bank balance was \$1,264,412. Of the bank balance, \$288,004 was covered by federal depository insurance (including public and custodial funds) and \$976,408 was covered by a collateral pool (G.U.D.P.A.) maintained by the bank as required by New Jersey statutes.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to custodial credit risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2009, all of the District's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The District does not have a policy for custodial credit risk.

Credit risk: The District does not have an investment policy regarding the management of credit risk. G.A.S.B. 40 requires that disclosure be made as to the credit rating of all securities except for obligations of the U.S. government or investments guaranteed by the U.S. government which is considered to have no credit risk.

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

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

Interest rate risk: The District does not have a policy to limit interest rate risk.

Foreign currency risk: The District does not have a policy for foreign currency risk since statutes preclude districts from investing in these types of securities.

Investments

New Jersey statutes permit the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than 397 days from the date of purchase.
- c. Bonds or other obligations of the Borough or bonds or other obligations of the Borough School District.
- d. Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of Treasury for investment by local units.
- e. Local government investment pools, such as New Jersey CLASS, and the New Jersey Arbitrage Rebate Management Program.
- f. Repurchase agreements (repos) of fully collateralized securities, subject to conditions, as indicated in N.J.S.A. 40A:5-15.1(a).
- g. Certificates of Deposit at federally insured banks.

As of June 30, 2009, the District did not have any investments.

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 3: RECEIVABLES

Receivables at June 30, 2009, consisted of intergovernmental and other receivables (see Exhibit B-1 & B-4). All receivables are considered collectible in full. A summary of the principal items of the intergovernmental receivables are as follows:

	Governmental Activities	Business- Type Activities
State Aid	52,200	1,110
Federal Aid	399,108	16,618
Other	32,345	2,979
	483,653	20,707

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2009 consisted of the following:

Food - Commodities	1,639
Food	2,407
Total	4,046

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

NOTE 5: DEFERRED COMPENSATION

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

Lincoln Investment Planning, Inc.
MetLife
MetLife Universal-Travelers

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 6: CAPITAL ASSETS

Activity for capital assets capitalized by the District group is summarized below for the fiscal year ended June 30, 2009.

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance</u> <u>June 30, 2009</u>
Governmental activities:				
Capital assets not being depreciated				
Sites (Land)	101,593			101,593
Total capital assets not being depreciated	101,593			101,593
Land Improvements	925,211			925,211
Building & Building Improvements	17,076,281			17,076,281
Machinery & Equipment	1,227,700	65,843	10,700	1,282,843
Totals at historical cost	19,229,192	65,843	10,700	19,284,335
Less: Accumulated depreciation				
Land Improvements	(763,424)	(29,645)		(793,069)
Building & Building Improvements	(6,103,338)	(430,883)		(6,534,221)
Machinery & Equipment	(592,314)	(71,634)	10,700	(653,248)
Total accumulated depreciation	(7,459,076)	(532,162)	10,700	(7,980,538)
Governmental activities capital assets, net	11,871,709	(532,162)	None	11,405,390
Business-type activities:				
Machinery & Equipment	177,993			177,993
Less: Accumulated depreciation	(124,892)	(6,992)		(131,884)
Business-type capital assets, net	53,101	(6,992)	None	46,109

Depreciation was charged as follows:

Unallocated	490,540
Instruction - regular	5,494
Instruction - special	1,865
Instruction - other	4,568
Support Administration	20,434
Operations and Maintenance	9,261
	<u>532,162</u>

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 7: GENERAL LONG-TERM DEBT

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

Changes in long-term obligations for the fiscal year ended June 30, 2009, are as follows:

	Balance			Balance
	<u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2009</u>
Compensated Absences	756,814	144,785	31,203	870,396
Special termination benefits		51,878		51,878
Serial bonds payable	10,334,000		430,000	9,904,000
	<u>11,090,814</u>	<u>196,663</u>	<u>461,203</u>	<u>10,826,274</u>

On January 15, 2006, the District issued \$4,229,000 in School bonds for school renovations. Interest is paid semiannually at varying rates ranging from 3.65% and 4.05%. The final maturity is August 1, 2025. The balance remaining as of June 30, 2009 was \$4,229,000.

Advance Refunding

On June 1, 2005, the District issued \$6,185,000 Refunding Bonds payable in annual installments through April 1, 2018. Interest is paid semiannually at varying rates ranging from 3% to 5% per annum. The bond issue Series of 1998 was advance refunding in the amount of \$6,055,000 of the outstanding balance which had a 4.8% interest rate. The Refunding Bonds maturing on and after April 1, 2018 are subject to redemption prior to their stated maturity dates upon notice, at the option of the School District, at a redemption price equal to 100% of the principal amount of the Refunding Bonds to be redeemed, plus accrued interest to the redemption date. The balance remaining as of June 30, 2009 was \$5,675,000.

Bonds Authorized but Not Issued

As of June 30, 2009, the Board has \$0 of bonds authorized but not issued.

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

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

Year Ended			
June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	580,000	403,742	983,742
2011	595,000	383,427	978,427
2012	625,000	362,587	987,587
2013	660,000	337,622	997,622
2014	665,000	311,257	976,257
2015-2019	3,185,000	1,081,182	4,266,182
2020-2025	2,460,000	485,732	2,945,732
2026	1,134,000	384,782	1,518,782
	<u>9,904,000</u>	<u>3,750,331</u>	<u>13,654,331</u>

Other

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

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

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

For the year ended June 30, 2009, there was not a liability for arbitrage rebate.

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 8: DEFERRED BOND ISSUANCE COSTS

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds. The costs associated with the Series 2005 and 2006 are as follows:

	Useful Lives	Costs	Amortization		
			Balance 7/1/2008	Current Year	Balance 6/30/2009
Series 2005	13	88,910	21,224	6,883	28,107
Series 2006	19.6	32,586	4,160	1,664	5,824
			<u>25,384</u>	<u>8,547</u>	<u>33,931</u>

NOTE 9: DEFERRED AMOUNT ON REFUNDING

The unamortized deferred amount on refunding resulting from the 2005 refunding of the outstanding series of 1998 school bonds is being amortized straight-line over the remaining life of the specific bonds (13 years) and is reflected in the District-wide financial statement as reduction of the related debt.

	Useful Lives	Costs	Amortization		
			Balance 7/1/2008	Current Year	Balance 6/30/2009
Series 2005	13	227,297	54,258	17,597	71,855

NOTE 10: DEBT PREMIUM

The unamortized debt premium resulting from the 2005 refunding of the outstanding series of 1998 school bonds is being amortized straight-line over the remaining life of the specific bonds (13 years) and is reflected in the District-wide financial statement as an addition of the related debt.

	Useful Lives	Costs	Amortization		
			Balance 7/1/2008	Current Year	Balance 6/30/2009
Series 2005	13	204,896	48,911	15,863	64,774

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 11: PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625.

Teachers' Pension and Annuity Fund (T.P.A.F.) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the systems' other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified titles.

Public Employees' Retirement System (P.E.R.S.) - The Public Employees' Retirement System (P.E.R.S.) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is generally required as a condition of employment for most employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system.

Vesting and Benefit Provisions - The vesting and benefit provisions for P.E.R.S. are set by N.J.S.A. 43:15A and 43:3B, and N.J.S.A. 18A:6C for T.P.A.F. All benefits vest after eight to ten years of service, except for medical benefits that vest after twenty-five years of service. Members are eligible for retirement benefits at age sixty with an annual benefit generally determined to be the number of years of service divided by fifty-five, times the final average salary. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving twenty-five years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The T.P.A.F. and P.E.R.S. provides for specified medical benefits for members who retire after achieving twenty-five years of qualified service, as defined, or under the disability provisions of the System.

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 11: PENSION PLANS (CONTINUED)

Members are always fully vested for their own contributions and, after three years of service credit, become vested for two percent of related interest earned on their contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contributes amounts for each pay period to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District did not make any contributions for the fiscal year 2009, as no employees participated in this plan.

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 115, P.L. of 1997, and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. T.P.A.F. and P.E.R.S., provide for employee contributions of five and one half percent of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both T.P.A.F. and P.E.R.S. The actuarially determined contribution includes funding for both, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute, all employer contributions for T.P.A.F. are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers.

During the fiscal year ended June 30, 2009, the State of New Jersey contributed \$35,797 for N.C.G.I. and \$682,908 for post-retirement medical on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$838,804 during the year ended June 30, 2009 for the employer's share of social security contributions for T.P.A.F. members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with G.A.S.B. 27.

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 11: PENSION PLANS (CONTINUED)

Three-Year Trend Information for T.P.A.F. & P.E.R.S.			
	2009	2008	2007
Gross Wages	14,648,102	13,980,751	
Teachers' Pension and Annuity Fund			
T.P.A.F. covered wages	11,006,389	10,575,940	10,211,261
Annual Pension Cost*	718,705	1,792,786	1,848,528
Public Employees' Retirement System			
P.E.R.S. covered wages	2,464,263	2,215,744	2,000,344
Net Pension Obligation	161,775	122,358	126,015
Annual Pension Cost	161,775	152,948	75,609
Percentage of APC Contributed	100.00%	80.00%	60.00%

* On-behalf payment

NOTE 12: POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (T.P.A.F.) and the Public Employees' Retirement System (P.E.R.S.), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating twenty-five years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the T.P.A.F. and P.E.R.S. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2008, there were 80,181 retirees eligible for post-retirement medical benefits. 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 made post-retirement (PRM) contributions of \$592.7 million for T.P.A.F. and \$224.3 million for P.E.R.S. in fiscal Year 2008.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of P.E.R.S. and the Alternate Benefit Program who retired from a board of education or county college with twenty-five years of service. The State paid \$116.0 million toward Chapter 126 benefits for 12,545 eligible retired members in 2008.

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 13: POST-EMPLOYMENT HEALTHCARE PLAN

Plan Description. Borough of Pitman School District, New Jersey Postemployment Healthcare Benefit Plan is a single-employer defined benefit healthcare plan administered by Willis North America. Willis North America provides fully-insured medical, dental and prescription drug coverage to eligible retirees and their spouses.

Funding Policy. The individual contribution requirements of the School District healthcare plan, are established by negotiated labor contracts. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2009, the School District contributed \$95,702 to the funded plan for current premiums and \$62,427 for unfunded premiums.

Annual O.P.E.B. Cost and Net O.P.E.B. Obligation. The School District's annual other postemployment benefit (O.P.E.B.) cost (expense) is calculated based on the *annual required contribution of the employer (A.R.C.)*, an amount actuarially determined in accordance with the parameters of G.A.S.B. Statement 45. The A.R.C. 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 ten years. The following table shows the components of the School District's annual O.P.E.B. cost for the year, the amount actually contributed to the plan, and changes in the School District's net O.P.E.B. obligation to Willis North America (dollar amounts in thousands): The School District's annual O.P.E.B. cost, the percentage of annual O.P.E.B. cost contributed to the plan, and the net O.P.E.B. obligation for fiscal year 2009 was as follows (dollar amounts in thousands):

	Funded 6%	Unfunded 3%
Annual required contribution	95,702	105,852
Interest on net O.P.E.B. obligation	0	0
Adjustment to annual required contribution	0	0
Annual O.P.E.B. Cost	95,702	105,852
Contribution made	95,702	62,427
Increase in net O.P.E.B. obligation		43,425
Net O.P.E.B. obligation - beginning of year	0	0
Net O.P.E.B. obligation - end of year	0	43,425

Fiscal Year Ended	Annual O.P.E.B. Cost	Percentage of Annual O.P.E.B. Cost Contributed	Net O.P.E.B. Obligation
06/30/2009	\$201,554	78.45%	\$43,425

Funded Status and Funding Progress. As of June 30, 2009, the School District is considered to be an unfunded plan. There are no plan assets. The retiree benefits are paid annually on a cash basis.

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 13: POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

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.

The Actuarial Accrued Liability (“AAL”) is the present value of all future expected postretirement medical payments and administrative costs which are attributable to past service. The School District's unfunded AAL is calculated to be \$725,199 for the funded portion and \$916,386 for the unfunded portion.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of 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, 2009 actuarial valuation, the projected unit credit method with amortization on a straight line basis, for a period of 10 years.

NOTE 14: RISK MANAGEMENT

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

Property and Liability Insurance

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (Exhibit J-20) of this Comprehensive Annual Financial Report. Any potential liability of the District with respect to loss claims would be equal to the deductibles associated with policies and an event which may exceed coverage limits. There have not been any significant reductions in insurance coverage amounts.

New Jersey Unemployment Compensation Insurance

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

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 14: RISK MANAGEMENT (CONTINUED)

<u>Fiscal</u> <u>Year</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2008-2009	None	32,797	21,345	81,074
2007-2008	None	31,741	19,906	69,011
2006-2007	None	28,467	47,197	55,525

NOTE 15: COMPENSATED ABSENCES

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

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

For the District-wide *Statement of Net Assets*, the liabilities whose average maturities are greater than one year should be reported in two components - the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2009, a liability existed for compensated in the Food Service Fund in the amount of \$7,046.

NOTE 16: CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (L.R.F.P.). Upon submission of the L.R.F.P. to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 16: CAPITAL RESERVE ACCOUNT (CONTINUED)

account cannot at any time exceed the local support costs of uncompleted capital projects in its approved L.R.F.P.

The activity of the capital reserve for the July 1, 2008 to June 30, 2009 fiscal year is as follows:

Beginning Balance, July 1, 2009	39,974
Add: Deposits per budget	0
Interest Earnings	<u>363</u>
Ending Balance June 30, 2009	<u><u>40,337</u></u>

The June 30, 2009 L.R.F.P. balance of local support costs of uncompleted capital projects is \$508,270.

NOTE 17: CAPITAL LEASES

The District has several leases for computers, equipment and lighting retrofit. Lease terms range from three to five years. Interest rates vary from 3.5% to 6% see Exhibit I-2. The following is a schedule of the future minimum lease payments under their capital

Year Ended	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30			
2009-2010	109,091	7,115	116,206
2010-2011	<u>73,530</u>	<u>4,335</u>	<u>77,865</u>
	<u><u>182,621</u></u>	<u><u>11,450</u></u>	<u><u>194,071</u></u>

NOTE 18: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$688,347 fund balance at June 30, 2009, \$86,876 is reserved for encumbrances; \$687,657 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$539,582 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2010; \$40,337 has been reserved in the capital reserve account; \$400,000 has been reserved in the maintenance reserve and (\$526,523) is unreserved and undesignated.

Debt Service Fund – The Debt Service Fund balance at June 30, 2009 of \$6,261 is unreserved and undesignated.

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 19: CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (C.E.I.F.A.). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2009 is \$687,657.

NOTE 20: SUBSEQUENT EVENT

On July 22, 2009, the Board approved a three year lease for computers. The capital lease is for \$105,000 at a rate of 3.5%. The lease/purchase agreement is with TD Banknorth and the first payment is due October 1, 2009.

A referendum was passed on September 29, 2009, to install solar panels at the Pitman High School and other energy related improvements in the amount of \$2,095,125.

NOTE 21: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remain on the balance sheet at June 30, 2009:

	Interfund	
	Receivable	Payable
General Fund	122,550	
Capital Projects		49
Debt Service Fund	49	
Trust and Agency Fund		122,550
	122,599	122,599

All interfunds are created as a result of timing differences between cash requirements in various funds and the receipt of cash from funding agencies. It is anticipated that all interfunds will be liquidated during the fiscal year.

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 22: RETROACTIVE RESTATEMENT DUE TO CHANGE IN ACCOUNTING PRINCIPLE

During fiscal year 2008 the District implemented shared services with the Borough of Wenonah. These shared services were incorrectly reported in the Enterprise Fund schedules instead of the Internal Service Fund. This resulted in the following restatement of nets assets as of June 30, 2008:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>
Balance prior to restatement:	2,206,002	120,814
Reclassification of Internal Service Fund - Net Assets	<u>21,120</u>	<u>(21,120)</u>
Net Assets, as restated	<u><u>2,227,122</u></u>	<u><u>99,694</u></u>

NOTE 23: OPERATING LEASES

The District has entered into lease agreements for copy machines. The lease terms are 36 months, or 48 months with monthly payments ranging from \$129 to \$656 per machine. The District also entered into a lease for a postage machine which is for 60 months at \$349 per month. The total operating lease payments for 2008-2009 were \$60,643. The following is minimum lease payments due on an annual basis:

Year Ended	Amount
<u>June 30</u>	
2010	49,445
2011	49,445
2012	47,178
2013	<u>37,601</u>
	<u><u>183,669</u></u>

NOTE 24: DEFICIT FUND BALANCES

The District has a deficit fund balance of \$526,523 in the General Fund as of June 30, 2009 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, G.A.S.B. 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 last state aid payment in the subsequent fiscal year, the School District can not recognize the June state aid payments (on the G.A.A.P. financial statements) until the year the State

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 24: DEFICIT FUND BALANCES (CONTINUED)

records the payable. Due to the timing difference of recording the last state aid payment, the General Fund balance deficit does not alone indicate that the District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44-.2 any negative unreserved, undesignated General Fund balance that is reported as a direct result from a delay in the 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 District deficit in the G.A.A.P. fund statements is less than the last state aid payments.

NOTE 25: CONTINGENT LIABILITIES

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

It is the opinion of the administration and legal counsels, that there is not any litigation or contingent liability that may be pending against the Pitman Borough School District that would have a material or adverse effect on the Board or the financial position of the District.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local sources:					
Local tax levy	10,474,358		10,474,358	10,474,358	
Tuition from individuals	60,000		60,000	81,662	21,662
Tuition from other LEA's within the State				17,247	17,247
Interest on investments	40,000		40,000	26,050	(13,950)
Interest on capital reserve funds	1,000		1,000	364	(636)
Miscellaneous	30,000		30,000	21,057	(8,943)
Total - local sources	<u>10,605,358</u>		<u>10,605,358</u>	<u>10,620,738</u>	<u>15,380</u>
State sources:					
Transportation aid	105,852		105,852	105,852	
Extraordinary aid	13,107	52,689	65,796	65,796	
Special education aid	732,827		732,827	732,827	
Equalization aid	8,247,916	(68,927)	8,178,989	8,178,989	
Security aid	115,462		115,462	115,462	
Adjustment aid	917,086	(52,689)	864,397	864,397	
Teachers' Pension and Annuity Fund (on-behalf non-budgeted)				35,797	35,797
T.P.A.F. post-retirement (on-behalf non-budgeted)				682,908	682,908
Reimbursed T.P.A.F. social security contributions (non-budgeted)				838,804	838,804
Total - state sources	<u>10,132,250</u>	<u>(68,927)</u>	<u>10,063,323</u>	<u>11,620,832</u>	<u>1,557,509</u>
Federal sources:					
Medical Assistance Program				2,652	2,652
Total revenues	<u>20,737,608</u>	<u>(68,927)</u>	<u>20,668,681</u>	<u>22,244,222</u>	<u>1,575,541</u>

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Regular programs - instruction:					
Salaries of teachers:					
Preschool		98,337	98,337	98,299	38
Kindergarten	177,092	600	177,692	177,673	19
Grades 1-5	2,336,457	(171,450)	2,165,007	2,162,580	2,427
Grades 6-8	1,539,354	59,200	1,598,554	1,598,516	38
Grades 9-12	2,447,096	(36,310)	2,410,786	2,410,151	635
Regular programs - home instruction:					
Salaries of teachers	5,000	1,200	6,200	6,013	187
Purchased professional - educational services	2,000	2,100	4,100	3,022	1,078
Regular programs - undistributed instruction:					
Other salaries for instruction		56,539	56,539	53,404	3,135
Purchased professional - educational services	5,100	(100)	5,000	3,650	1,350
Purchased technical services	104,433		104,433	68,208	36,225
Other purchased services (400-500 series)	95,334	3,250	98,584	65,192	33,392
General supplies	405,988	(103,350)	302,638	287,585	15,053
Textbooks	74,261	50	74,311	73,165	1,146
Miscellaneous expenditures	1,200	210	1,410	150	1,260
Total regular programs	7,193,315	(89,724)	7,103,591	7,007,608	95,983
Learning and/or language disabilities:					
Salaries of teachers	154,195	(48,777)	105,418	105,006	412
Other salaries for instruction	47,502	8,198	55,700	54,895	805
Other purchased services (400-500 series)	150		150	150	150
General supplies	15,175	(7,120)	8,055	1,085	6,970
Textbooks	9,000	(8,400)	600	257	343
Miscellaneous expenditures	660		660	660	660
Total learning and/or language disabilities	226,682	(56,099)	170,583	161,243	9,340
Behavioral disabilities:					
Salaries of teachers	50,199	(46,000)	4,199		4,199
Other salaries for instruction	11,497	(11,497)			
Other purchased services (400-500 series)	50		50		50
General supplies	5,260		5,260		5,260
Textbooks	1,900		1,900		1,900
Total behavioral disabilities	68,906	(57,497)	11,409		11,409
Multiple disabilities					
Salaries of teachers	233,085	54,600	287,685	285,355	2,330
Other salaries for instruction	129,944	(8,401)	121,543	119,972	1,571
Other purchased services (400-500 series)	200		200		200
General supplies	29,249	(22,400)	6,849	5,211	1,638
Textbooks	480		480	235	245
Miscellaneous expenditures	880		880		880
Total multiple disabilities	393,838	23,799	417,637	410,773	6,864

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource room:					
Salaries of teachers	1,286,207	59,287	1,345,494	1,341,785	3,709
Other salaries for instruction	146,379	57,900	204,279	202,219	2,060
Other purchased services (400-500 series)	1,000		1,000	27	973
General supplies	22,168	(5,900)	16,268	14,653	1,615
Textbooks	12,300	(1,500)	10,800	10,388	412
Total resource room	1,468,054	109,787	1,577,841	1,569,072	8,769
Preschool disabilities - part-time					
Salaries of teachers	76,537	(76,537)			
Other salaries for instruction	35,039	(35,039)			
Other purchased services (400-500 series)	150	(150)			
General supplies	3,250	(3,250)			
Textbooks	450	(450)			
Miscellaneous expenditures	210	(210)			
Total preschool disabilities - part-time	115,636	(115,636)			
Home instruction:					
Salaries of teachers	1,000	6,300	7,300	7,115	185
Purchased professional - educational services	6,000	8,000	14,000	13,871	129
Total home instruction	7,000	14,300	21,300	20,986	314
Total special education	2,280,116	(81,346)	2,198,770	2,162,074	36,696
Basic skills/remedial:					
Salaries of teachers	224,751	75,300	300,051	299,744	307
General supplies	3,800		3,800	499	3,301
Total basic skills/remedial	228,551	75,300	303,851	300,243	3,608
Bilingual:					
Other purchased services (400-500 series)	100		100		100
General supplies	760		760		760
Textbooks	225		225		225
Total bilingual	1,085		1,085		1,085
School sponsored co-curricular activities:					
Salaries	107,000	15,000	122,000	121,904	96
Purchased services (300-500 series)	10,700	(2,860)	7,840	7,477	363
General supplies	16,862	11,410	28,272	28,271	1
Miscellaneous expenditures	8,604	100	8,704	8,676	28
Total school sponsored co-curricular activities	143,166	23,650	166,816	166,328	488
School sponsored athletics - instruction:					
Salaries	250,801	9,600	260,401	260,165	236
Purchased services (300-500 series)	66,950	(12,000)	54,950	54,328	622
General supplies	41,802	7,850	49,652	49,548	104
Miscellaneous expenditures	18,415	4,900	23,315	23,246	69
Total school sponsored athletics - instruction	377,968	10,350	388,318	387,287	1,031
Total other instructional programs	750,770	109,300	860,070	853,858	6,212
Total - instruction	10,224,201	(61,770)	10,162,431	10,023,540	138,891
Undistributed expenditures:					

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Instruction:					
Tuition to LEA's within state regular	63,000	2,700	65,700	62,008	3,692
Tuition to LEA's within state special	20,160	(4,700)	15,460	8,908	6,552
Tuition to county special services district & regional day schools	471,744	(159,400)	312,344	311,868	476
Tuition to private schools for the handicapped-state	407,523	145,800	553,323	551,868	1,455
Total undistributed expenditures - instruction	962,427	(15,600)	946,827	934,652	12,175
Health services:					
Salaries	323,872	(19,250)	304,622	301,872	2,750
Purchased professional & technical services	26,070		26,070	25,209	861
Other purchased services (400-500 series)	50		50		50
Supplies and materials	8,896		8,896	6,466	2,430
Total health services	358,888	(19,250)	339,638	333,547	6,091
Related services:					
Salaries of teachers	298,333		298,333	297,020	1,313
Purchased professional educational services	85,344	26,100	111,444	105,278	6,166
General supplies	3,835	(1,000)	2,835	1,191	1,644
Total related services	387,512	25,100	412,612	403,489	9,123
Extraordinary services:					
Purchased professional educational services	42,604	(27,000)	15,604	12,250	3,354
Total extraordinary services	42,604	(27,000)	15,604	12,250	3,354
Other support services - students - regular:					
Salaries of other professional staff	562,485	(4,640)	557,845	551,702	6,143
Salaries of secretarial and clerical assistants	30,456	190	30,646	30,604	42
Other purchased professional-technical services	5,500		5,500	1,499	4,001
Other purchased services (400-500 series)	1,210		1,210	104	1,106
Supplies and materials	3,916	400	4,316	4,274	42
Other objects	3,565		3,565	768	2,797
Total other support services - students - regular	607,132	(4,050)	603,082	588,951	14,131
Other support services - students - special services:					
Salaries of other professional staff	323,950	(12,820)	311,130	308,729	2,401
Salaries of secretarial and clerical assistants	66,000	4,400	70,400	70,382	18
Purchased professional-educational services					
Other purchased professional technical services	12,975	5,920	18,895	17,813	1,082
Other purchased services (400-500 series)	3,400		3,400	968	2,432
Supplies and materials	15,625	(4,620)	11,005	8,742	2,263
Other objects	400		400	61	339
Total other support services - students - special services	422,350	(7,120)	415,230	406,695	8,535

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
services - instructional staff:					
Salaries of supervisors of instruction	130,786	(63)	130,723	130,548	175
Salaries of other professional staff	147,385	(3,117)	144,268	142,183	2,085
Salaries of secretarial and clerical assistants	58,013	463	58,476	58,476	
Other purchased services (400-500 series)	2,850	(1,200)	1,650		1,650
Supplies and materials	3,600	1,500	5,100	5,050	50
Other objects	4,500	(1,900)	2,600	1,767	833
Total improvement of instructional services/other support services - instructional staff	347,134	(4,317)	342,817	338,024	4,793
Educational media services/school library:					
Salaries	274,174	(750)	273,424	267,483	5,941
Purchased professional educational services	7,751		7,751	525	7,226
Other purchased services (400-500 series)	1,125		1,125	981	144
Supplies and materials	48,042		48,042	38,735	9,307
Other objects	750		750	50	700
Total educational media services/school library	331,842	(750)	331,092	307,774	23,318
Instructional staff training:					
Salaries of other professional staff	6,000	(500)	5,500		5,500
Purchased professional educational services	12,000	1,040	13,040	13,039	1
Other purchased services (400-500 series)	26,850	(540)	26,310	12,187	14,123
Other objects	1,500		1,500	260	1,240
Total instructional staff training	46,350		46,350	25,486	20,864
Support services general administration:					
Salaries	215,064	50	215,114	214,397	717
Legal services	10,000		10,000	4,050	5,950
Audit Fees	28,114		28,114	28,100	14
Other professional services	16,700		16,700	15,341	1,359
Purchased technical services	4,625		4,625	1,559	3,066
Communications/telephone	69,302	(1,200)	68,102	52,281	15,821
Other purchased services (400-500 series)	71,200	10,820	82,020	62,872	19,148
BOE other purchased services	3,000		3,000		3,000
General supplies	7,000		7,000	3,396	3,604
BOE in-house training/meeting supplies	3,000		3,000	148	2,852
Miscellaneous expenditures	10,000		10,000	8,076	1,924
BOE Member dues/fees	13,000		13,000	12,114	886
Total support services general administration	451,005	9,670	460,675	402,334	58,341

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Salaries of principals/assistant principals	643,867	(9,950)	633,917	626,362	7,555
Salaries of other professional staff	149,636		149,636	148,652	984
Salaries of secretarial and clerical assistants	270,614	(410)	270,204	268,737	1,467
Purchased professional educational services	3,800	(400)	3,400	538	2,862
Purchased professional technical services	7,500	9,900	17,400	16,301	1,099
Other purchased services (400-500 series)	16,620	5,500	22,120	8,984	13,136
Supplies and materials	23,946		23,946	23,048	898
Other objects	16,000		16,000	11,456	4,544
Total support services school administration	1,131,983	4,640	1,136,623	1,104,078	32,545
Central services:					
Salaries	258,730	420	259,150	258,182	968
Purchased technical services	36,605	23,600	60,205	58,037	2,168
Other purchased services (400-500 series)	5,500	(2,400)	3,100	2,529	571
Supplies and materials	9,977	(1,500)	8,477	7,835	642
Interest on lease purchase agreements	7,000	(1,000)	6,000	5,747	253
Other objects	5,500	(1,500)	4,000	2,338	1,662
Total central services	323,312	17,620	340,932	334,668	6,264
Required maintenance:					
Cleaning, repair and maintenance services	98,800	9,221	108,021	107,823	198
Total required maintenance	98,800	9,221	108,021	107,823	198
Other operation and maintenance of plant services:					
Salaries	835,301	38,800	874,101	869,698	4,403
Purchased professional - technical services	8,600	(5,000)	3,600	3,300	300
Purchased professional educational services	49,000	(5,150)	43,850	43,807	43
Cleaning, repair and maintenance services	430,545	(127,821)	302,724	263,890	38,834
Insurance	108,600	(1,000)	107,600	107,491	109
Other purchased property	4,800	(600)	4,200	3,511	689
Miscellaneous purchased services	2,500	(250)	2,250	1,543	707
General supplies	120,342	33,900	154,242	153,489	753
Energy (heat and electricity)	420,000	109,000	529,000	528,265	735
Other objects	1,000		1,000	810	190
Total other operation and maintenance of plant services	1,980,688	41,879	2,022,567	1,975,804	46,763
Total operation and maintenance of plant services	2,079,488	51,100	2,130,588	2,083,627	46,961
Student transportation services:					
Contracted services (other than between home and school) - vendors	86,736	(12,500)	74,236	70,929	3,307
Contracted services (between home and school) - joint agreements	20,000	(12,000)	8,000		8,000
Contracted services (special education students) - joint agreements	203,700	56,400	260,100	260,068	32
Contracted services (special education students) ESCs & CTSA	45,000	1,000	46,000	45,358	642
Total student transportation services	355,436	32,900	388,336	376,355	11,981

Allocated benefits:

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Regular programs - instruction - employee benefits					
Social security	22,250	13,300	35,550	32,816	2,734
Other retirement - regular		6,045	6,045	6,045	
Other retirement - E.R.I.P.	6,045	(6,045)			
Workers' compensation	48,158	1,100	49,258	49,239	19
Health benefits	1,262,348	(192,325)	1,070,023	1,065,857	4,166
Tuition reimbursement	35,000	(5,500)	29,500	27,021	2,479
Other employee benefits	21,780	23,750	45,530	45,026	504
Total regular program - employee benefits	1,395,581	(159,675)	1,235,906	1,226,004	9,902
Special programs - instruction - employee benefits					
Social security contributions	36,756	2,300	39,056	38,987	69
Other retirement regular		35,880	35,880	35,877	3
Other retirement - E.R.I.P.	31,505	(31,505)			
Workers' compensation	20,564	4,100	24,664	24,619	45
Health benefits	506,059	2,300	508,359	506,707	1,652
Tuition reimbursement	20,000	(9,800)	10,200	9,022	1,178
Other employee benefits		8,600	8,600	8,575	25
Total special program - employee benefits	614,884	11,875	626,759	623,787	2,972
Other instructional programs - employee benefits					
Social security contributions	27,217	2,400	29,617	29,530	87
Other retirement regular		3,597	3,597	3,597	
Other retirement - E.R.I.P.	3,597	(3,597)			
Workers' compensation	3,057	1,900	4,957	4,924	33
Health benefits	6,183		6,183	5,968	215
Tuition reimbursement	3,000	(2,900)	100		100
Total other instructional programs - employee benefits	43,054	1,400	44,454	44,019	435
Health services - employee benefits					
Social security contributions	2,540		2,540	2,449	91
Workers' compensation	2,742	1,500	4,242	4,185	57
Health benefits	56,025	(500)	55,525	55,001	524
Other employee benefits		250	250	250	
Total health services - employee benefits	61,307	1,250	62,557	61,885	672
Related services - employee benefits					
Social security contributions	2,230		2,230	322	1,908
Workers' compensation	2,297		2,297	2,093	204
Health benefits	52,088		52,088	50,500	1,588
Other employee benefits		700	700	700	
Total related services - employee benefits	56,615	700	57,315	53,615	3,700

Other support services - students - regular employee

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
benefits					
Social security contributions	2,230	950	3,180	3,154	26
Other retirement regular		2,300	2,300	2,300	
Other retirement - E.R.I.P.	2,300	(2,300)			
Workers' compensation	4,327		4,327	3,693	634
Health benefits	66,845	22,600	89,445	87,638	1,807
Tuition reimbursement		3,500	3,500	3,438	62
Other employee benefits		250	250	250	
Total other support services - students - regular employee benefits	75,702	27,300	103,002	100,473	2,529
Other support services - students - special employee benefits					
Social security contributions	10,270		10,270	9,109	1,161
Other retirement regular		5,211	5,211	5,211	
Other retirement - E.R.I.P.	5,211	(5,211)			
Workers' compensation	2,461	1,620	4,081	4,062	19
Health benefits	64,454	(16,500)	47,954	46,995	959
Total other support services - students - special employee benefits	82,396	(14,880)	67,516	65,377	2,139
Improvement of instructional services employee benefits					
Social security contributions	4,440	1,950	6,390	6,378	12
Other retirement regular		4,388	4,388	4,388	
Other retirement - E.R.I.P.	4,388	(4,388)			
Workers' compensation	2,377	(1,110)	1,267	1,231	36
Health benefits	63,675	(10,450)	53,225	33,327	19,898
Other employee benefits		8,300	8,300	8,217	83
Total improvement of instructional services/other support - employee benefits	74,880	(1,310)	73,570	53,541	20,029
Educational media services - employee benefits					
Social security contributions	12,810	200	13,010	12,929	81
Other retirement regular		12,747	12,747	12,747	
Other retirement - E.R.I.P.	12,747	(12,747)			
Workers' compensation	2,099	1,300	3,399	3,324	75
Health benefits	51,253	(23,750)	27,503	27,483	20
Other employee benefits	5,963		5,963	5,963	
Total educational media services - employee benefits	84,872	(22,250)	62,622	62,446	176
Instructional staff training - employee benefits					
Social security contributions	459		459		459
Workers' compensation	45		45		45
Total instructional staff training - employee benefits	504		504		504

Support services general administration - employee

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
benefits					
Social security contributions	5,319	400	5,719	4,485	1,234
Other retirement regular		5,258	5,258	5,258	
Other retirement - E.R.I.P.	5,258	(5,258)			
Workers' compensation	1,616	500	2,116	2,093	23
Health benefits	29,823	2,450	32,273	30,737	1,536
Other employee benefits	1,000	(900)	100		100
Total support services general administration - employee benefits	43,016	2,450	45,466	42,573	2,893
Support services school administration - employee benefits					
Social security contributions	20,710	400	21,110	21,074	36
Other retirement regular		18,496	18,496	18,496	
Other retirement - E.R.I.P.	18,496	(18,496)			
Workers' compensation	8,121	1,150	9,271	9,232	39
Health benefits	157,583	26,000	183,583	173,765	9,818
Tuition reimbursement	5,000	(4,000)	1,000		1,000
Other employee benefits	13,900	(490)	13,410	10,062	3,348
Total support services school administration - employee benefits	223,810	23,060	246,870	232,629	14,241
Central services - employee benefits					
Social security contributions	9,328	400	9,728	9,692	36
Other retirement regular		9,148	9,148	9,148	
Other retirement - E.R.I.P.	9,148	(9,148)			
Workers' compensation	1,938	160	2,098	2,093	5
Health benefits	42,366	(2,860)	39,506	39,445	61
Tuition reimbursement	3,600	720	4,320	4,263	57
Total central services - employee benefits	66,380	(1,580)	64,800	64,641	159
Operation & maintenance of plant services - employee benefits					
Social security contributions	67,650		67,650	66,853	797
Other retirement regular		58,708	58,708	58,708	
Other retirement - E.R.I.P.	58,708	(58,708)			
Workers' compensation	6,439	3,570	10,009	9,848	161
Health benefits	221,200	(9,210)	211,990	211,613	377
Total operation & maintenance of plant services - employee benefits	353,997	(5,640)	348,357	347,022	1,335
Total allocated benefits	3,176,998	(137,300)	3,039,698	2,978,012	61,686
Teachers' Pension & Annuity Fund (on-behalf (non-budgeted)				35,797	(35,797)
T.P.A.F. post-retirement (on-behalf non-budgeted)				682,908	(682,908)
Reimbursed T.P.A.F. social security contributions (non-budgeted)				838,804	(838,804)
Total on-behalf contributions				1,557,509	(1,557,509)
Total undistributed expenditures	11,024,464 9	(74,357)	10,950,104	12,187,451	(1,237,347)

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total expenditures - current expense	21,248,662	(136,127)	21,112,535	22,210,991	(1,098,456)
CAPITAL OUTLAY:					
Equipment:					
Regular programs - instruction:					
Grades 6-8	16,000	(5,000)	11,000	4,694	6,306
Grades 9-12	13,482	(1,500)	11,982	5,482	6,500
School sponsored and other instructional programs	19,074		19,074	16,574	2,500
Undistributed expenditures:					
Support services - students regular	11,912		11,912	4,835	7,077
Support services - students special		2,900	2,900	2,893	7
Support services - educational media	4,700	(3,000)	1,700		1,700
Support services - general administration		3,000	3,000	2,625	375
Support services - school administration	2,000		2,000		2,000
Support services - central services		6,500	6,500	6,463	37
Administrative information technology	64,500	35,300	99,800	99,800	
Operation and maintenance of plant services	4,622	29,000	33,622	33,602	20
Total equipment	136,290	67,200	203,490	176,968	26,522
Facilities acquisition and construction services:					
Lease purchase agreements - principal	35,496		35,496	35,439	57
Total facilities acquisition and construction services	35,496		35,496	35,439	57
Assets acquired under capital leases (non-budgeted)					
Support services - students regular				100,000	(100,000)
Facilities acquisition and construction services				102,616	(102,616)
Total assets acquired under capital leases (non-budgeted)				202,616	(202,616)
Total capital outlay	171,786	67,200	238,986	415,023	(176,037)
Total expenditures	21,420,448	(68,927)	21,351,521	22,626,014	(1,274,493)
Excess (deficiency) of revenues over (under) expenditures	(682,840)		682,840	(381,792)	301,048
Other financing sources (uses):					
Transfer to food service	(120,000)		(120,000)	(90,000)	(30,000)
Capital leases (non-budgeted)				202,616	(202,616)
Total other financing sources (uses)	(120,000)		(120,000)	112,616	(232,616)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(802,840)		802,840	(269,176)	68,432
Fund balances - July 1	1,903,164		1,903,164	1,903,164	
Fund balances - June 30	1,100,323		2,706,004	1,633,988	68,432

Recapitulation:

Reserve for encumbrances

80

86,876

BOROUGH OF PITMAN SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Reserve for excess surplus - designated for subsequent year's expenditures				539,582	
Excess surplus				148,075	
Maintenance reserve				400,000	
Capital Reserve				40,337	
Unrestricted Fund Balance				419,118	
				<u>1,633,988</u>	
Reconciliation to Governmental Fund Statements (G.A.A.P.)					
Last State Aid Payment not recognized on G.A.A.P. Basis				<u>(945,641)</u>	
Fund Balance per Governmental Funds (G.A.A.P.)				<u><u>688,347</u></u>	

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	512,633	35,081	547,714	541,761	5,953
State Sources		2,000	2,000	2,000	
Total Revenues	<u>512,633</u>	<u>37,081</u>	<u>549,714</u>	<u>543,761</u>	<u>5,953</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	138,145	(27,787)	110,358	110,358	
Purchased professional technical services		11,178	11,178	10,100	1,078
Purchased professional - educational services		470	470	420	50
Other purchased services (400-500 series)	1,368	1,874	3,242	3,242	
Tuition	366,749	20,014	386,763	386,763	
General Supplies		88	88	88	
Total Instruction	<u>506,262</u>	<u>5,837</u>	<u>512,099</u>	<u>510,971</u>	<u>1,128</u>
Support Services:					
Salaries of supervisors of instruction		10,025	10,025	5,200	4,825
Personal Services - Employee Benefits		27,590	27,590	27,590	
Other purchased services (400-500 series)	6,371	(6,371)			
Total Support Services	<u>6,371</u>	<u>31,244</u>	<u>37,615</u>	<u>32,790</u>	<u>4,825</u>
Total Expenditures	<u>512,633</u>	<u>37,081</u>	<u>549,714</u>	<u>543,761</u>	<u>5,953</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

BOROUGH OF PITMAN SCHOOL DISTRICT

Required Supplementary Information

Budget-to-G.A.A.P. Reconciliation

Note to RSI

For the Fiscal Year Ended June 30, 2009

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources:				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	[C-1]	22,244,222	[C-2]	543,761
Difference - budget to G.A.A.P.				
Grant accounting budgetary basis differs from G.A.A.P. in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
State aid payment recognized for budgetary purposes, not recognized for G.A.A.P. statements.		(945,641)		
State aid payment recognized for G.A.A.P. statements in the current year, previously recognized for budgetary purposes.		471,122		2,947
Total revenues as reported on the Statement of Revenues, Expenditures and changes in Fund Balances - Governmental Funds.	[B-2]	<u>21,769,703</u>	[B-2]	<u>546,708</u>
Uses/outflows of resources:				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	[C-1]	22,626,014	[C-2]	543,761
Difference - budget to G.A.A.P.				
Encumbrances for supplies and equipment ordered but not received are 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>22,626,014</u>	[B-2]	<u>543,761</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

BOROUGH OF PITMAN SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2009

	Total Brought Forward Ex. E-1a	Title I Part A	Title I Part A 2007-2008	I.D.E.A.-Part B - Basic	I.D.E.A. Preschool	Totals	
						2009	2008
REVENUES:							
Federal sources	69,898	82,293	2,807	372,458	14,305	541,761	530,799
State sources	2,000					2,000	64,937
Total revenues	71,898	82,293	2,807	372,458	14,305	543,761	595,736
EXPENDITURES:							
Instruction:							
Salaries of teachers	50,358	60,000				110,358	160,140
Other salaries for instruction							14,955
Purchased professional technical services		7,293	2,807			10,100	
Purchased professional educational services	420					420	
Other purchased services (400-500 series)	3,242					3,242	793
Tuition				372,458	14,305	386,763	369,243
General supplies	88					88	4,705
Total instruction	54,108	67,293	2,807	372,458	14,305	510,971	549,836
Support services:							
Salaries of supervisors of instruction	5,200					5,200	4,000
Personal services - employee benefits	12,590	15,000				27,590	21,342
Purchased professional - technical services							3,500
Other purchased services (400-500 series)							15,059
General supplies							1,999
Total support services	17,790	15,000				32,790	45,900
Total expenditures	71,898	82,293	2,807	372,458	14,305	543,761	595,736

BOROUGH OF PITMAN SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2009

	Title V, Part A Innovative 2007-2008	Title II, Part A Teacher & Principal Training & Recruiting	Title II, Part A Teacher & Principal Training & Recruiting 2007-2008	Title II, Part D Enhancing Education through Technology	Title II, Part D Enhancing Education through Technology 2007-2008	REBEL	Total Carried Forward
REVENUES:							
Federal sources	88	64,601	4,096	693	420		69,898
State sources						2,000	2,000
Total revenues	88	64,601	4,096	693	420	2,000	71,898
EXPENDITURES:							
Instruction:							
Salaries of teachers		50,358					50,358
Purchased professional educational services					420		420
Other purchased services (400-500 series)		2,549		693			3,242
General supplies	88						88
Total instruction	88	52,907		693	420		54,108
Support services:							
Salaries of supervisors of instruction		3,200				2,000	5,200
Personal services - employee benefits		8,494	4,096				12,590
Total support services		11,694	4,096			2,000	17,790
Total expenditures	88	64,601	4,096	693	420	2,000	71,898

CAPITAL PROJECTS FUND

BOROUGH OF PITMAN SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
June 30, 2009

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>Contractual Orders Prior Years</u>	<u>Contractual Orders Current Year</u>	<u>Unexpended Authorization 6/30/09</u>
School Renovations	06/09/05	4,229,000	<u>4,141,449</u>		<u>87,551</u>

BOROUGH OF PITMAN SCHOOL DISTRICT

Capital Projects Fund

Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis

For the Fiscal Year Ended June 30, 2009

Fund balance - beginning	87,551
Fund balance - ending	<u>87,551</u>

BOROUGH OF PITMAN SCHOOL DISTRICTCapital Projects FundSchedule of Project Revenues, Expenditures Project Balance and Project Status - Budgetary BasisSchool Building RenovationsFrom Inception and for the Fiscal Year Ended June 30, 2009

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Bond Proceeds	4,229,000		4,229,000	4,229,000
State Sources: EDA Grant				
	<u>4,229,000</u>		<u>4,229,000</u>	<u>4,229,000</u>
Expenditures and Other Financing Uses				
Purchased professional & technical services	281,240		281,240	281,240
Construction services	3,860,209		3,860,209	3,860,209
	<u>4,141,449</u>		<u>4,141,449</u>	<u>4,141,449</u>
Excess (deficiency) or revenues over (under) expenditures	<u>87,551</u>		<u>87,551</u>	
Additional project information:				
Project Number	4140-080-05-1000			
Grant Date	06/09/05			
Bond Authorization date	09/27/05			
Bonds Authorized	4,229,741			
Bonds Issued	4,229,000			
Original Authorized Cost	4,229,000			
Additional Authorized Cost	None			
Revised Authorized Cost	4,229,000			
Percentage Increase over Original Authorized Cost	0%			
Percentage Completion	97%			
Original target completion date	8/25/2006			
Revised target completion date	9/30/2007			

PROPRIETARY FUNDS

BOROUGH OF PITMAN SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Net Assets
For the Fiscal Year Ended June 30, 2009

	Business-type Activities			Totals	
	Food Service	Before/After	Preschool	FY 2009	FY 2008
	Fund	School			
ASSETS:					
Current assets:					
Cash and cash equivalents		86,662	14,796	101,458	79,234
Accounts Receivable:					
Federal	16,618			16,618	13,452
State	1,110			1,110	997
Other	57	2,462	460	2,979	2,193
Inventory	4,046			4,046	6,570
Total assets	21,831	89,124	15,256	126,211	102,446
NON-CURRENT ASSETS					
Furniture, machinery & equipment	177,993			177,993	177,993
Less: accumulated depreciation	(131,884)			(131,884)	(124,892)
Total noncurrent assets	46,109			46,109	53,101
Total assets	67,940	89,124	15,256	172,320	155,547
LIABILITIES AND FUND EQUITY:					
Current liabilities:					
Cash overdraft	9,192			9,192	
Accounts payable	2,479			2,479	575
Interfund payable - General Fund					27,889
Deferred revenue	1,639	12,784	2,210	16,633	12,864
Compensated absences	7,046			7,046	14,944
Total current liabilities	20,356	12,784	2,210	35,350	56,272
Fund equity:					
Invested in capital assets, net of related debt	46,109			46,109	53,101
Unrestricted	1,475	76,340	13,046	90,861	46,174
Total net assets	47,584	76,340	13,046	136,970	99,275

BOROUGH OF PITMAN SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2009

	Business-type Activities			Totals	
	Food Service	Before/After	Preschool	FY 2009	FY 2008
	Fund	School			
OPERATING REVENUES:					
Local sources:					
Daily sales-reimbursable programs:	161,809			161,809	149,619
Daily sales milk program	3,501			3,501	3,278
Daily sales non-reimbursable programs	118,352			118,352	123,985
Special function/miscellaneous	1,362			1,362	
Tuition		271,769	115,704	387,473	340,439
Total operating revenue	285,024	271,769	115,704	672,497	617,321
OPERATING EXPENSES:					
Salaries	181,865	187,684	108,962	478,511	469,561
Employee benefits	45,016	16,547	8,336	69,899	66,315
Supplies and materials	21,023	43,159		64,182	77,683
Other purchased services (400-500 series)	3,806	1,271		5,077	4,531
Cost of sales	201,219			201,219	189,829
Depreciation	6,991			6,991	6,643
Miscellaneous other expenses	1,609	3,701		5,310	6,152
Total operating expenses	461,529	252,362	117,298	831,189	820,714
Operating income (loss)	(176,505)	19,407	(1,594)	(158,692)	(203,393)
NON-OPERATING REVENUES:					
State sources:					
National School Lunch Program - State	5,445			5,445	5,225
School Breakfast Program	204			204	300
Federal sources:					
National School Lunch Program	79,116			79,116	68,030
School Breakfast Program	2,696			2,696	4,179
Special Milk Program	1,983			1,983	2,829
Food Distribution Program	16,942			16,942	14,332
Loss on disposal of capital assets					(1,540)
Total non-operating revenues (expenses)	106,386			106,386	93,355

BOROUGH OF PITMAN SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2009

	<u>Business-type Activities</u>			<u>Totals</u>	
	<u>Food Service</u> <u>Fund</u>	<u>Before/After</u> <u>School</u>	<u>Preschool</u>	<u>FY 2009</u>	<u>FY 2008</u>
Income (Loss) before contributions	(70,119)	19,407	(1,594)	(52,306)	(110,038)
Transfers from General Fund	90,000			90,000	84,238
Net income (loss)	19,881	19,407	(1,594)	37,694	(25,800)
Total Net Assets - July 1	27,703	56,933	14,640	99,276	125,076
Total Net Assets - June 30	47,584	76,340	13,046	136,970	99,276

BOROUGH OF PITMAN SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2009

	Business-type Activities			Totals	
	Food Service Fund	Before/After School	Preschool	FY 2009	FY 2008
Cash flows from operating activities:					
Receipts from customers	284,966	276,126	115,914	677,006	622,040
Payments to suppliers	(210,124)	(48,131)		(258,255)	(279,117)
Payments to employees	(189,202)	(187,684)	(108,962)	(485,848)	(474,157)
Payments for employee benefits	(43,108)	(16,547)	(8,492)	(68,147)	(66,159)
Other receipts (payments)					42,807
Net cash provided (used) by operating activities	(157,468)	23,764	(1,540)	(135,244)	(154,586)
Cash flows from non-capital financing activities:					
Cash received from state & federal reimbursements	86,165			86,165	70,409
Net cash provided by non-capital financing activities	86,165			86,165	70,409
Cash flows from investing activities:					
Payments to General Fund	(27,889)			(27,889)	
Payments from General Fund	90,000			90,000	84,238
Net cash provided by investing activities	62,111			62,111	84,238
Cash flows from capital and related activities					
Purchase of capital assets					(20,531)
Net cash used by capital and related activities					(20,531)
Net increase in cash and cash equivalents	(9,192)	23,764	(1,540)	13,032	(20,470)
Cash and cash equivalents - July 1		62,898	16,336	79,234	99,704
Cash and cash equivalents - June 30	(9,192)	86,662	14,796	92,266	79,234

(Continued)

PITMAN SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2009

	<u>Business-type Activities</u>			<u>Totals</u>	
	<u>Food Service</u>	<u>Before/After</u>	<u>Preschool</u>	<u>FY 2009</u>	<u>FY 2008</u>
	<u>Fund</u>	<u>School</u>	<u>Preschool</u>		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	(176,505)	19,407	(1,594)	(158,692)	(203,393)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:					
Depreciation	6,991			6,991	6,643
Food Distribution Program	16,942			16,942	14,918
Change in assets and liabilities:					
(Increase) decrease in accts. receivable	(57)	(529)	(200)	(786)	2,828
(Increase) decrease in inventory	580			580	(1,541)
(Increase) decrease in prepaid expenses					290
Increase (decrease) in accounts payable	2,479		(156)	2,323	486
Increase (decrease) in interfund accts. payable					27,888
Increase (decrease) in compensated absences	(7,898)			(7,898)	(4,597)
Increase (decrease) in deferred revenue		4,886	410	5,296	1,892
	<u>(157,468)</u>	<u>23,764</u>	<u>(1,540)</u>	<u>(135,244)</u>	<u>(154,586)</u>

BOROUGH OF PITMAN SCHOOL DISTRICT
Internal Service Fund
Combining Statement of Net Assets
For the Fiscal Year Ended June 30, 2009

	Business Services	<u>Totals</u>	
		<u>FY 2009</u>	<u>FY 2008</u>
ASSETS:			
Current assets:			
Cash and cash equivalents	38,695	38,695	21,120
Total assets	<u>38,695</u>	<u>38,695</u>	<u>21,120</u>
LIABILITIES AND FUND EQUITY:			
Net assets			
Unrestricted	38,695	38,695	21,120
Total net assets	<u>38,695</u>	<u>38,695</u>	<u>21,120</u>

BOROUGH OF PITMAN SCHOOL DISTRICT
Internal Service Fund
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2009

	Business Services	Totals	
		<u>FY 2009</u>	<u>FY 2008</u>
OPERATING REVENUES:			
Local sources:			
Other charges and fees	49,955	49,955	33,500
Total operating revenue	<u>49,955</u>	<u>49,955</u>	<u>33,500</u>
OPERATING EXPENSES:			
Salaries	26,855	26,855	11,500
Benefits	2,055	2,055	880
Other professional/technical services	3,470	3,470	
Total operating expenses	<u>32,380</u>	<u>32,380</u>	<u>12,380</u>
Operating income (loss)	<u>17,575</u>	<u>17,575</u>	<u>21,120</u>
Total Net Assets - July 1	<u>21,120</u>	<u>21,120</u>	
Total Net Assets - June 30	<u><u>38,695</u></u>	<u><u>38,695</u></u>	<u><u>21,120</u></u>

BOROUGH OF PITMAN SCHOOL DISTRICT
Internal Service Fund
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2009

	Totals	
	<u>FY 2009</u>	<u>FY 2008</u>
Cash flows from operating activities:		
Receipts from customers	49,955	33,500
Payments to suppliers	(3,470)	
Payments to employees	(26,855)	(11,500)
Payments for employee benefits	(2,055)	(880)
Net cash provided (used) by operating activities	<u>17,575</u>	<u>21,120</u>
Net increase in cash and cash equivalents	17,575	21,120
Cash and cash equivalents - July 1	<u>21,120</u>	
Cash and cash equivalents - June 30	<u><u>38,695</u></u>	<u><u>21,120</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	17,575	21,120
	<u><u>17,575</u></u>	<u><u>21,120</u></u>

FIDUCIARY FUNDS

BOROUGH OF PITMAN SCHOOL DISTRICT
Combining Statement of Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2009

	Unemployment Trust Fund	Agency Funds	Totals	
			FY 2009	FY 2008
ASSETS:				
Cash and cash equivalents	81,074	213,217	294,291	158,940
Total assets	<u>81,074</u>	<u>213,217</u>	<u>294,291</u>	<u>158,940</u>
LIABILITIES:				
Payroll deductions and withholdings		170	170	4,575
Due to student groups		90,497	90,497	85,136
Interfund payables:				
General Fund		122,550	122,550	218
Total liabilities		<u>213,217</u>	<u>213,217</u>	<u>89,929</u>
NET ASSETS:				
Unreserved	<u>81,074</u>		<u>81,074</u>	<u>69,011</u>
Total net assets	<u><u>81,074</u></u>		<u><u>81,074</u></u>	<u><u>69,011</u></u>

BOROUGH OF PITMAN SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2009

	Unemployment Trust Fund	Totals	
		FY 2009	FY 2008
ADDITIONS:			
Contributions:			
Plan members	32,797	32,797	31,741
Total contributions	<u>32,797</u>	<u>32,797</u>	<u>31,741</u>
Investment earnings:			
Interest	611	611	1,651
Total investment earnings	<u>611</u>	<u>611</u>	<u>1,651</u>
Total additions	<u>33,408</u>	<u>33,408</u>	<u>33,392</u>
DEDUCTIONS:			
Unemployment claims	21,345	21,345	19,906
Change in Net Assets	12,063	12,063	13,486
Net Assets - Beginning of year	69,011	69,011	55,525
Net Assets - End of year	<u>81,074</u>	<u>81,074</u>	<u>69,011</u>

BOROUGH OF PITMAN SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2009

	Balance July 1, 2008	Cash Receipts	Cash Disbursements	Balance June 30, 2009
Elementary:				
Kindle	2,009	10,156	9,397	2,768
Walls	(178)	16,079	15,253	648
Memorial	2,812	14,960	13,846	3,926
	<u>4,643</u>	<u>41,195</u>	<u>38,496</u>	<u>7,342</u>
Middle School	13,871	39,912	38,988	14,795
High School	67,290	198,172	203,264	62,198
District-wide	(668)	25,760	18,930	6,162
	<u>85,136</u>	<u>305,039</u>	<u>299,678</u>	<u>90,497</u>

BOROUGH OF PITMAN SCHOOL DISTRICTPayroll Agency FundSchedule of Receipts and DisbursementsFor the Fiscal Year Ended June 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
ASSETS:				
Cash and cash equivalents	4,793	16,035,047	15,917,120	122,720
Total assets	<u>4,793</u>	<u>16,035,047</u>	<u>15,917,120</u>	<u>122,720</u>
LIABILITIES:				
Employees' net pay		8,916,948	8,916,948	
Payroll deductions and withholdings	4,575	6,994,304	6,998,709	170
Interfund payable	218	123,795	1,463	122,550
Total liabilities	<u>4,793</u>	<u>16,035,047</u>	<u>15,917,120</u>	<u>122,720</u>

LONG-TERM DEBT

BOROUGH OF PITMAN SCHOOL DISTRICT
General Long-Term Debt Account Group
Schedule of Serial Bonds
June 30, 2009

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2008</u>	<u>Retired</u>	<u>Balance June 30, 2009</u>
			<u>Date</u>	<u>Amount</u>				
Refunding Bonds of 2005	06/01/05	6,185,000	04/01/10	570,000	3.50%	6,105,000	430,000	5,675,000
			04/01/11	585,000	3.50%			
			04/01/12	615,000	4.00%			
			04/01/13	650,000	4.00%			
			04/01/14	655,000	5.00%			
			04/01/15	660,000	5.00%			
			04/01/16	660,000	4.00%			
			04/01/17	655,000	4.00%			
			04/01/18	625,000	4.00%			
School Bonds	01/11/06	4,229,000	08/01/09	10,000	3.65%	4,229,000		4,229,000
			08/01/10	10,000	3.65%			
			08/01/11	10,000	3.65%			
			08/01/12	10,000	3.65%			
			08/01/13	10,000	3.65%			
			08/01/14	10,000	3.65%			
			08/01/15	30,000	3.65%			
			08/01/16	45,000	3.65%			
			08/01/17	65,000	3.65%			
			08/01/18	435,000	4.00%			
			08/01/19	455,000	4.00%			
			08/01/20	470,000	4.00%			
			08/01/21	490,000	4.00%			
			08/01/22	510,000	4.05%			
			08/01/23	535,000	4.05%			
			08/01/24	555,000	4.05%			
08/01/25	579,000	4.05%						
						4,229,000		4,229,000
						10,334,000	430,000	9,904,000

BOROUGH OF PITMAN SCHOOL DISTRICT
Statement of Obligations Under Capital Leases
Debt Service Fund
For the Fiscal Year Ended June 30, 2009

<u>Purpose</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Issue</u>		<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Issued</u>	<u>Retired</u>	<u>Amount Outstanding</u>
			<u>Principal</u>	<u>Interest</u>		<u>June 30, 2008</u>			<u>June 30, 2009</u>
2006 Equipment and Cargo Van	10/19/05	5 years	23,190	2,778	6.00%	9,522		4,622	4,900
2006 Computers	08/02/06	3 years	100,000	4,675	4.75%	33,309		33,309	
Print Shop Equipment	12/01/06	3 years	100,000	2,757	4.79%	17,247		5,482	11,765
2007 Computers	09/09/07	3 years	28,787	4,190	4.25%	65,270		31,956	33,314
Lighting Retrofit	10/31/08	3 years	102,616	3,670	3.65%		102,616	35,439	67,177
2008 Computers	09/03/08	3 years	100,000	3,606	3.65%		100,000	34,535	65,465
						125,348	202,616	145,343	182,621

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
Local sources:					
Local tax levy	392,273		392,273	392,273	
State sources:					
Debt service aid type II	409,627		409,627	409,627	
Total revenues	801,900		801,900	801,900	
EXPENDITURES:					
Regular debt service:					
Interest	418,975		418,975	418,975	
Redemption of principal	430,000		430,000	430,000	
Total regular debt service	848,975		848,975	848,975	
Total expenditures	848,975		848,975	848,975	
Excess (deficiency) of revenues over (under) expenditures	(47,075)		(47,075)	(47,075)	
Other financing sources (uses)					
Transfers from capital projects interest				855	
	(47,075)		(47,075)	(46,220)	
Fund balance - July 1	52,481		52,481	52,481	
Fund balance - June 30	5,406		5,406	6,261	

STATISTICAL SECTION
(UNAUDITED)

**BOROUGH OF PITMAN
STATISTICAL SECTION**

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	112-117
Revenue Capacity	
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	118-121
Debt Capacity	
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	122-125
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	126-127
Operating Information	
These schedules contain service and infrasture data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	128-132

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The District implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting District-wide information beginning in that year.

BOROUGH OF PITMAN SCHOOL DISTRICT

Net Assets By ComponentLast Six Fiscal YearsFiscal Year Ending June 30, 2009Unaudited

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities						
Invested in capital assets, net of related debt	579,885	1,171,112	1,972,349	1,583,445	1,711,957	1,292,415
Restricted	423,136	169,792	2,507,119	1,048,991	1,483,397	1,221,806
Unrestricted	(260,409)	(692,191)	(3,483,001)	(769,877)	(989,351)	(1,323,226)
Total governmental activities net assets	<u>742,612</u>	<u>648,713</u>	<u>996,467</u>	<u>1,862,558</u>	<u>2,206,002</u>	<u>1,190,995</u>
Business-type activities						
Invested in capital assets, net of related debt	48,177	42,524	40,037	40,752	53,101	46,109
Unrestricted	(10,983)	(22,489)	(1,759)	84,323	67,713	90,861
Total business-type activities net assets	<u>37,194</u>	<u>20,036</u>	<u>38,278</u>	<u>125,076</u>	<u>120,814</u>	<u>136,970</u>
District-wide						
Invested in capital assets, net of related debt	628,063	1,213,637	2,012,386	1,624,197	1,765,058	1,338,524
Restricted	423,136	169,792	2,507,119	1,048,991	1,483,397	1,221,806
Unrestricted	(271,392)	(714,680)	(3,484,760)	(685,554)	(921,638)	(1,232,365)
	<u>779,806</u>	<u>668,749</u>	<u>1,034,745</u>	<u>1,987,634</u>	<u>2,326,817</u>	<u>1,327,965</u>

BOROUGH OF PITMAN SCHOOL DISTRICT

Changes In Net AssetsLast Six Fiscal Years

For the Fiscal Year Ended June 30, 2009

Unaudited

	2004	2005	2006	2007	2008	2009
Expenses						
Governmental activities						
Instruction						
Regular	7,062,083	7,426,387	8,597,502	8,606,958	8,501,777	7,015,470
Special education	1,684,072	1,783,782	2,359,293	2,369,447	2,717,915	2,689,344
Other special education	211,033	194,638	190,449	186,454	251,314	301,076
Other instruction	544,413	557,682	521,940	536,472	597,451	558,183
Support Services						
Tuition	557,082	607,042	734,728	746,314	787,556	984,272
Student and instruction and related services	2,031,632	2,198,112	2,768,856	2,652,756	2,710,522	2,437,554
General administration & central services	681,113	722,422	844,087	794,717	757,769	850,992
School administrative services	1,058,879	1,075,434	1,309,698	1,295,775	1,383,220	1,124,103
Plant operations and maintenance	1,568,675	1,568,813	1,884,107	2,101,508	2,356,830	2,083,627
Pupil transportation	297,966	279,900	316,904	308,470	299,661	384,427
Employee benefits	4,232,896	4,526,050	1,763,654	2,626,831	2,595,796	4,565,166
Special schools						
Interest on long-term debt	424,345	415,697	331,084	468,447	446,419	426,657
Capital outlay						203,837
Unallocated depreciation	314,303	315,109	314,209	398,195	506,410	490,540
Total governmental activities expenses	20,668,493	21,671,068	21,936,511	23,092,342	23,912,640	24,115,248
Business-type activities:						
Food service	417,070	446,461	465,595	465,551	456,014	461,529
Before/After School			85,104	132,273	250,152	252,362
Preschool			56,306	81,566	115,668	117,298
Purchased Business Services					12,380	
Total Business-Type Activities expense	417,070	446,461	607,005	679,391	834,215	831,189
Total District expenses	21,085,563	22,117,528	22,543,517	23,771,733	24,746,855	24,946,437
Program revenues						
Governmental activities						
Charges for services:						
Central services					33,500	49,955
Operating grants and contributions	1,422,410	1,533,271	1,763,654	2,626,831	2,595,796	546,708
Total governmental activities program revenues	1,422,410	1,533,271	1,763,654	2,626,831	2,629,296	596,663
Business-type activities:						
Charges for services:						
Food service	251,428	249,114	252,000	271,738	276,882	285,024
Before/After School			103,173	196,436	224,854	271,769
Preschool			59,540	93,055	115,585	115,704
Operating grants and contributions	84,531	80,188	86,534	81,278	94,895	106,386
Total business-type activities program revenues	335,959	329,302	501,247	642,507	712,216	778,883
Total District program revenue	1,758,370	1,862,573	2,264,901	3,269,338	3,341,512	1,375,546
Net (expense) revenue						
Governmental activities	(19,246,082)	(20,137,797)	(20,172,858)	(20,465,512)	(21,283,344)	(23,518,585)
Business-type activities	(81,111)	(117,159)	(105,758)	(36,883)	(121,999)	(52,306)
Total District-wide net expense	(19,327,193)	(20,254,956)	(20,278,616)	(20,502,395)	(21,405,343)	(23,570,891)

BOROUGH OF PITMAN SCHOOL DISTRICT
Changes In Net Assets
Last Six Fiscal Years
For the Fiscal Year Ended June 30, 2009
Unaudited

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General revenues and other changes in net assets						
Governmental activities						
Property taxes levied for government purposes	8,537,786	8,378,265	9,032,459	10,004,998	10,223,501	10,474,358
Taxes levied for debt service	507,175	504,997	499,039	473,014	395,812	392,273
Grants and contributions	10,527,537	11,069,727	10,850,158	10,678,122	10,893,729	11,558,592
Tuition Received	83,263	95,690	66,160	91,133	85,599	98,909
Investment earnings	19,781	34,363	139,557	159,868	97,326	27,269
Miscellaneous income	50,879	32,844	49,702	48,149	48,558	21,057
Transfers	(80,000)	(100,000)	(124,000)	(123,681)	(84,238)	(90,000)
Total governmental activities	<u>19,646,421</u>	<u>20,015,886</u>	<u>20,513,076</u>	<u>21,331,603</u>	<u>21,660,287</u>	<u>22,482,458</u>
Business-type activities						
Transfers	80,000	100,000	124,000	123,681	84,238	90,000
Total business-type activities	<u>80,000</u>	<u>100,000</u>	<u>124,000</u>	<u>123,681</u>	<u>84,238</u>	<u>90,000</u>
Total District-wide	<u>19,726,421</u>	<u>20,115,886</u>	<u>20,637,076</u>	<u>21,455,284</u>	<u>21,744,525</u>	<u>22,572,458</u>
Change in net assets						
Governmental activities	400,339	(121,911)	340,218	866,091	376,943	(1,036,127)
Business-type activities	(1,111)	(17,159)	18,242	86,797	(37,761)	37,694
Total District	<u>399,228</u>	<u>(139,070)</u>	<u>358,460</u>	<u>952,888</u>	<u>339,182</u>	<u>(998,433)</u>

BOROUGH OF PITMAN SCHOOL DISTRICTFund Balances, Governmental FundsLast Six Fiscal YearsFor the Fiscal Year Ended June 30, 2009Unaudited

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund						
Reserved	423,136	169,792	237,071	936,059	1,483,397	1,127,994
Unreserved	485,376	85,096	(53,422)	124,869	(51,354)	(439,647)
Total General Fund	<u>908,512</u>	<u>254,888</u>	<u>183,649</u>	<u>1,060,928</u>	<u>1,432,042</u>	<u>688,347</u>
All other governmental funds						
Reserved				112,931		
Unreserved, reported in:						
Special Revenue Fund	(2,947)	(2,947)	(2,947)	(2,947)	(2,947)	
Capital Projects Fund			2,536,549		87,551	87,551
Debt Service Fund	1	4,198	83,338	126,217	52,481	6,261
Total all other governmental funds	<u>(2,946)</u>	<u>1,251</u>	<u>2,616,940</u>	<u>236,201</u>	<u>137,085</u>	<u>93,812</u>

BOROUGH OF PITMAN SCHOOL DISTRICT
Changes in Fund Balance, Governmental Funds
Last Ten Fiscal Years
Unaudited

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Tax Levy	7,047,224	7,248,506	7,434,066	8,461,158	9,044,961	8,883,262	9,531,498	10,478,012	10,619,313	10,866,631
Tuition charges	130,242	92,574	101,611	107,916	83,263	95,690	66,160	91,133	85,599	98,909
Interest earnings	108,008	112,071	37,021	26,489	941	779	1,560	1,566	676	27,269
Miscellaneous	31,846	28,103	85,967	39,538	69,719	66,427	187,699	206,451	145,208	21,057
State sources	8,842,247	10,043,203	9,962,649	10,518,078	11,293,204	11,868,276	11,937,204	12,276,179	12,945,500	11,560,887
Federal sources	394,121	480,951	673,361	588,660	656,743	734,721	676,608	1,028,773	544,025	544,413
Total revenue	16,553,688	18,005,408	18,294,675	19,741,839	21,148,832	21,649,156	22,400,729	24,082,114	24,340,321	23,119,166
Expenditures										
Instruction:										
Regular	5,889,487	6,089,254	6,247,106	6,267,353	6,263,283	6,617,262	6,489,529	6,564,888	6,623,399	7,007,608
Special	1,662,522	1,833,001	1,977,221	2,172,371	2,259,190	2,403,498	2,436,026	2,498,517	2,701,016	2,673,045
Other special				166,128	211,033	194,638	190,449	186,454	209,966	300,243
Other	524,818	569,359	519,297	392,681	541,248	553,115	467,047	500,900	533,613	553,615
Support Services:										
Tuition	380,220	598,135	693,362	548,618	557,082	607,042	734,728	746,314	787,556	934,652
Student & inst. related services	1,626,768	1,662,847	1,836,108	1,879,252	2,009,172	2,177,572	2,198,099	2,190,628	2,333,126	2,421,416
General administration	306,061	364,383	374,972	374,996	1,058,379	1,074,934	1,068,349	400,243	412,661	402,334
School administrative services	911,833	970,469	1,001,280	1,162,832	802,026	681,071	701,585	1,050,803	1,099,471	1,104,078
Central services								284,717	306,444	334,668
Plant operations and maintenance	1,187,873	1,262,178	1,354,375	1,484,544	1,555,104	1,558,053	1,582,542	1,779,069	2,009,566	2,083,627
Pupil transportation	318,526	331,412	300,072	358,098	297,966	279,900	316,904	308,470	299,661	376,355
Business and other support services	260,759	268,070	280,654	310,078						
Employee Benefits	2,462,247	2,786,782	2,856,565	3,480,956	4,232,896	4,526,050	5,003,638	5,437,046	5,543,213	4,563,111
Capital outlay	377,651	416,969	265,314	328,929	249,701	686,713	1,953,619	2,721,722	307,620	415,023
Debt service:										
Principal	581,899	480,000	490,000	515,000	540,000	565,000	664,000	450,000	475,000	430,000
Interest and other charges	533,477	506,076	480,026	453,496	425,766	396,621	285,490	470,910	441,775	418,975
Total Expenditures	17,024,141	18,138,935	18,676,352	19,895,332	21,002,846	22,321,468	24,092,005	25,590,681	24,084,085	24,018,750
Excess (Deficiency of revenues over (under) expenditures	(470,453)	(133,527)	(381,677)	(153,493)	145,986	(672,312)	(1,691,275)	(1,508,567)	256,236	(899,584)
Other financing sources (uses)										
Proceeds from borrowing							4,229,000			
Reduction in arbitrage payable										
Capital leases (non-budgeted)		121,028	104,000	145,555	100,000	100,000	123,190	128,787	100,000	202,616
Proceeds from refunding						6,185,000				
Premium on Refunding Bonds Issued						204,896				
Accrued Interest on Bonds Issued						4,197	7,536			
Bond Issuance Costs on Refunding						(88,910)				
Payments to escrow agent						(6,282,297)				
Transfers out (food service)	(56,414)	(70,000)	(80,000)	(67,757)	(80,000)	(100,000)	(124,000)	(123,681)	(84,238)	(90,000)
Transfers in	119,135	12,337	170							
Total other financing sources (uses)	62,721	63,365	24,170	77,798	20,000	22,886	4,235,726	5,106	15,762	112,616
Net change in fund balance	(407,732)	(70,162)	(357,507)	(75,695)	165,986	(649,426)	2,544,450	(1,503,461)	271,998	(786,968)
Debt service as a percentage of noncapital expenditures	6.70%	5.56%	5.27%	4.95%	4.65%	4.44%	4.29%	4.03%	3.86%	3.60%

Source: District records.

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

Fiscal year ended June 30	Tuition	Interest on Investments	Gate Receipts	Rentals	Sales and Rebates	Miscellaneous	Annual Totals
2000	130,242	108,008	17,719	5,566	7,337	1,224	270,096
2001	92,574	112,071	10,605	10,150	5,534	1,814	232,748
2002	101,611	37,021	10,975	24,975	49,636	381	224,599
2003	107,917	26,489	16,289	21,327	1,594	327	173,943
2004	83,263	19,781	12,739	34,647	645	2,848	153,923
2005	95,690	34,362	15,422	9,825	2,579	5,018	162,896
2006	66,160	68,737	16,759	19,985	5,268	7,690	184,600
2007	91,133	112,793	17,491	3,213	1,094	26,352	252,075
2008	85,599	91,921	11,802	18,567	-	2,089	209,978
2009	98,909	26,414	15,407	3,662		1,988	146,380
	<u>953,098</u>	<u>637,597</u>	<u>145,208</u>	<u>151,917</u>	<u>73,687</u>	<u>49,731</u>	<u>2,011,238</u>

Source: District records

BOROUGH OF PITMAN SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Fiscal year ended June 30	Vacant Land	Residential	Farm Reg.	Q Farm	Commercial	Industrial	Apartment	Total Assessed Value	** Less: Tax Exempt Prop.	Public Utility	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate
2000	1,933,800	313,842,400	314,400	29,000	26,343,300	23,074,500	8,501,800	374,039,200	217,100	602,953	374,642,153	389,238,069	1.908
2001	1,902,200	315,053,900	314,400	29,000	25,286,900	22,074,500	8,501,800	373,162,700	197,600	719,292	373,881,992	398,366,576	1.966
2002	1,712,800	316,707,900	314,400	29,000	25,171,400	22,074,500	8,501,800	374,511,800	169,300	657,096	375,168,896	412,108,867	2.117
2003	1,656,000	317,961,000	314,400	29,000	25,227,200	22,074,500	8,501,800	375,763,900	81,900	679,065	376,442,965	432,941,340	2.325
2004	1,622,800	319,421,700	314,400	29,000	25,168,400	22,074,500	8,501,800	377,132,600	19,500	610,996	377,743,596	453,662,921	2.373
2005	2,179,000	321,392,900	189,700	10,100	24,282,600	22,074,500	8,501,800	378,630,600	5,100	503,310	379,133,910	511,732,859	2.429
2006	2,126,200	323,131,100	189,700	10,100	24,314,500	22,074,500	8,501,800	380,347,900	22,500	397,696	380,745,596	584,187,789	2.628
2007	2,004,500	323,975,700	189,700	10,100	24,195,400	22,074,500	8,501,800	380,951,700	42,000	359,718	381,311,418	665,886,208	2.767
2008	1,920,000	325,903,100	189,700	10,100	24,051,100	22,074,500	8,165,500	382,314,000	42,000	343,357	382,657,357	736,767,130	2.808
2009	1,951,000	327,629,400	189,700	13,000	22,944,400	22,074,500	8,165,500	382,967,500		362,196	383,329,696	763,260,720	2.893

Source: County Tax Assessor

(*)- Not available

(**) - Tax Exempt Property is not included in calculation.

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

Fiscal year ended June 30	<u>Borough of Pitman School District Direct Rate</u>			<u>Overlapping Rates</u>		<u>Total Direct & Overlapping Tax Rate</u>
	<u>Basic Rate</u>	<u>General Obligation Debt Service</u>	<u>Total Direct School Tax Rate</u>	<u>Borough of Pitman</u>	<u>Gloucester County</u>	
2000	1.771	0.137	1.908	0.690	0.660	3.258
2001	1.817	0.149	1.966	0.743	0.708	3.417
2002	1.982	0.135	2.117	0.743	0.685	3.545
2003	2.194	0.131	2.325	0.771	0.717	3.813
2004	2.239	0.134	2.373	0.777	0.749	3.899
2005	2.296	0.133	2.429	0.842	0.866	4.137
2006	2.497	0.131	2.628	1.014	0.907	4.549
2007	2.628	0.139	2.767	1.132	0.963	4.862
2008	2.692	0.116	2.808	1.205	1.060	5.073
2009	2.787	0.106	2.893	1.240	1.015	5.148

Source: Municipal Tax Collector

BOROUGH OF PITMAN SCHOOL DISTRICTPrincipal Property TaxpayersCurrent and Nine Years AgoUnaudited

<u>Taxpayer</u>	2009		2000	
	Taxable Assessed Value	% of Total District Net Assessed Valuation	Taxable Assessed Value	% of Total District Net Assessed Valuation
Sony Music	18,000,000	4.70%	19,000,000	5.07%
Lake Front LLC	4,707,000	1.23%	4,707,000	1.26%
Taxpayer #1	2,771,400	0.72%	2,771,400	0.74%
Ilene Flaum & Flaum Prop.	1,700,200	0.44%	1,700,200	0.45%
Comet Tool Company	1,303,100	0.34%	1,303,100	0.35%
Ultra Foods			1,121,400	0.30%
LCR Leasing Corp.	876,000	0.23%	876,000	0.23%
TD Banknorth	827,000	0.22%		
Pitman Garden Apts.	650,100	0.17%	650,100	0.17%
N.J. Bell Telephone			602,953	0.16%
Kandle Properties Inc.			490,000	0.13%
The B DeGori Family 2 Limited	490,000	0.13%		
Verizon - New Jersey	362,196	0.09%		
	<u>31,686,996</u>	<u>8.27%</u>	<u>33,222,153</u>	<u>8.86%</u>

Source: Municipal Tax Assessor.

BOROUGH OF PITMAN SCHOOL DISTRICTProperty Tax Levies and CollectionsLast Ten Fiscal YearsUnaudited

<u>Year Ended</u> <u>June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal Year</u>		<u>Collections</u> <u>in Subsequent</u> <u>Year</u>
		<u>Amount</u>	<u>Percent of</u> <u>Levy</u>	
2000	7,047,224	7,047,224	100.00%	0
2001	7,248,506	7,248,506	100.00%	0
2002	7,434,066	7,434,066	100.00%	0
2003	8,461,158	8,461,158	100.00%	0
2004	9,044,961	9,044,961	100.00%	0
2005	8,883,262	8,883,262	100.00%	0
2006	9,531,498	9,531,498	100.00%	0
2007	10,478,012	10,478,012	100.00%	0
2008	10,619,313	10,619,313	100.00%	0
2009	10,866,631	10,866,631	100.00%	0

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

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

Fiscal Year Ended <u>June 30</u>	Governmental Activities			Business-type Activites		Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes	Capital Leases			
2000	10,154,000	-	41,065	-	-	10,195,065	3.90%	1,094
2001	9,674,000	-	96,369	-	-	9,770,369	3.57%	1,043
2002	9,184,000	-	160,887	-	-	9,344,887	3.31%	990
2003	8,669,000	-	207,091	-	-	8,876,091	3.08%	935
2004	8,129,000	-	205,506	-	-	8,334,506	2.73%	883
2005	7,694,000	-	141,649	-	-	7,835,649	2.48%	839
2006	11,259,000	-	138,671	-	-	11,397,671	3.44%	1,222
2007	10,809,000	-	135,116	-	-	10,944,116	3.18%	1,174
2008	10,334,000	-	125,349	-	-	10,459,349	*	*
2009	9,904,000	-	182,621	-	-	10,086,621	*	*

Source: District Records
State of NJ Department of Education

(*) - Not available

BOROUGH OF PITMAN SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended <u>June 30</u>	<u>General Bonded Debt Outstanding</u>		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per capita
	<u>General Obligation Bonds</u>	<u>Deductions</u>			
2000	10,154,000		10,154,000	2.71%	1,089
2001	9,674,000		9,674,000	2.59%	1,042
2002	9,184,000		9,184,000	2.45%	990
2003	8,669,000		8,669,000	2.31%	934
2004	8,129,000		8,129,000	2.16%	877
2005	7,694,000		7,694,000	2.03%	836
2006	11,259,000		11,259,000	2.96%	1,227
2007	10,809,000		10,809,000	2.84%	1,173
2008	10,334,000		10,334,000	2.70%	1,123
2009	9,904,000		9,904,000	2.59%	*

Source: District Records

(*) - Not available

BOROUGH OF PITMAN SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2008
Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Pitman (1)	5,831,611	100.00%	5,831,611
County of Gloucester (2)	265,229,239	2.63%	6,975,529
Subtotal, overlapping debt			<u>12,807,140</u>
Borough of Pitman School District			<u>9,904,000</u>
Total direct and overlapping debt			<u><u>22,711,140</u></u>

Sources:

- (1) Borough of Pitman annual debt statement
- (2) Gloucester County - The County's debt was apportioned to the Borough of Pitman by dividing the Borough's 2008 taxable assessed property values by the total 2008 taxable assessed property values for Gloucester County, which results in an apportionment rate of 2.63%*.

* The source for this computation was the 2008 Abstract of Ratables

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

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

	<u>Year</u>	<u>Equalized Valuation Basis</u>								
	2008	\$757,057,426								
	2007	\$729,513,022								
	2006	\$660,440,875								
		<u>\$2,147,011,323</u>								
Average equalized valuation of taxable property		715,670,441								
Debt limit (4% of average equalized value)		28,626,818								
Total net debt applicable to limit		<u>9,904,000</u>								
Legal debt margin		<u>18,722,818</u>								
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt limit	15,053,306	15,363,572	15,798,883	16,376,754	17,083,022	18,406,564	20,408,350	23,243,325	26,229,636	28,626,818
Municipal borrowing capacity utilized										
Total net debt applicable to limit	<u>10,154,000</u>	<u>9,674,000</u>	<u>9,184,000</u>	<u>8,669,000</u>	<u>8,129,000</u>	<u>7,694,000</u>	<u>11,259,000</u>	<u>10,809,000</u>	<u>10,334,000</u>	<u>9,904,000</u>
Legal debt margin	<u>4,899,306</u>	<u>5,689,572</u>	<u>6,614,883</u>	<u>7,707,754</u>	<u>8,954,022</u>	<u>10,712,564</u>	<u>9,149,350</u>	<u>12,434,325</u>	<u>15,895,636</u>	<u>18,722,818</u>
Total net debt applicable to the limit as a percentage of debt limit	67.45%	62.97%	58.13%	52.93%	47.59%	41.80%	55.17%	46.50%	39.40%	34.60%

Source: Gloucester County Board of Taxation
District Records

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

Fiscal Year Ended June 30	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2000	9,320	261,211,640	28,027	2.90%
2001	9,280	273,889,920	29,514	3.00%
2002	9,278	282,255,316	30,422	4.10%
2003	9,280	288,478,080	31,086	4.30%
2004	9,273	304,766,418	32,866	3.80%
2005	9,205	315,814,345	34,309	6.00%
2006	9,175	330,997,300	36,076	4.30%
2007	9,211	343,855,841	37,331	4.60%
2008	9,206	*	*	7.50%
2009	*	*	*	*

Source: Population information provided by the NJ Dept. of Labor and Workforce Development. Personal income has been estimated based upon the municipal population and per capita personal income presented. Per capita personal income by municipality estimated based upon the Census published by the U.S. Bureau of Economic Analysis. Unemployment data provided by the NJ Dept. of Labor and Workforce Development.

BOROUGH OF PITMAN SCHOOL DISTRICTPrincipal EmployersCurrent and Nine Years AgoUnaudited

<u>Employer</u>	<u>2009</u>			<u>2000</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>
Sony Bmg Music Entertainment	800	1	14.19%			
Pitman Board of Education	260	2	4.61%			
K-Tron America Inc.	198	3	3.51%			
United Methodist Homes	180	4	3.19%			
Borough of Pitman	100	5	1.77%			
Shared Systems Technology Inc.	80	6	1.42%			
J.G. Cook's Bar-Grill	50	7	0.89%			
	<u>1,668</u>		<u>0.89%</u>	<u>N/A</u>		<u>N/A</u>

Source: Gloucester County Office of Economic Development

N/A Information for 2000 is not available.

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

<u>Function/Program</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Instruction										
Regular	110.0	115.0	113.0	110.6	111.7	111.7	110.2	108.2	116.0	102.0
Special education	24.0	24.0	25.0	26.0	27.5	26.5	27.0	27.5	40.0	66.0
Support services:										
Student & instruction related services	15.0	15.0	16.0	16.0	23.0	18.0	24.4	26.4	29.5	45.5
School administrative services	21.7	21.8	22.7	22.7	22.8	21.9	21.4	21.4	25.0	19.0
Central services	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	4.0
Plants operations and maintenance	19.0	19.0	19.0	19.0	20.0	20.0	20.0	20.0	20.2	23.0
Other support services	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.7	3.0
Food service	12.5	12.5	12.5	12.5	13.0	13.5	13.5	13.5	13.5	8.0
Total	<u>211.2</u>	<u>216.3</u>	<u>217.2</u>	<u>215.8</u>	<u>228.0</u>	<u>221.6</u>	<u>226.5</u>	<u>227</u>	<u>255</u>	<u>271</u>

Source: District Personnel Records.

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

Fiscal year ended June 30	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (A.D.E.)	Average Daily Attendance (A.D.A.)	% Change Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2000	1,738	15,531,114	8,936	8.11%	134.0	14.43	11.10	10.50	1,696.2	1,585.5	-1.55%	93.47%
2001	1,727	16,735,890	9,691	8.44%	139.0	13.80	10.70	10.10	1,694.6	1,602.6	-0.09%	94.57%
2002	1,726	17,441,012	10,105	4.27%	138.0	13.33	11.60	10.00	1,684.5	1,600.1	-0.60%	94.99%
2003	1,668	18,597,907	11,150	10.34%	136.6	12.36	11.40	10.60	1,716.9	1,631.0	1.92%	95.00%
2004	1,622	19,787,380	12,199	9.41%	139.2	12.20	10.80	10.60	1,595.6	1,514.6	-7.07%	94.92%
2005	1,617	20,673,134	12,785	4.80%	138.2	10.40	9.20	9.70	1,547.2	1,471.8	-3.03%	95.13%
2006	1,609	21,188,896	13,169	3.00%	137.2	8.30	9.20	10.40	1,576.6	1,495.7	1.90%	94.87%
2007	1,631	21,948,049	13,457	2.19%	135.7	10.30	10.10	10.50	1,603.5	1,505.7	1.71%	93.90%
2008	1,559	22,859,691	14,663	8.96%	156.0	9.87	10.70	9.70	1,524.5	1,449.2	-4.93%	95.06%
2009	1,567	22,754,752	14,521	-0.97%	164.0	*	*	*	1,524.9	1,462.6	0.03%	95.91%

Source: District records.

Note: Enrollment based on annual October district count.
Operating expenditures equal total expenditures less debt service and capital outlay.
Teaching staff includes only full-time equivalents of certificated staff.
Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<u>District Building</u>										
<u>Elementary</u>										
Memorial School - 1962										
Square Feet	65,717	65,717	65,717	65,717	65,717	65,717	65,717	65,717	65,717	65,717
Capacity (students)	309	309	309	309	309	309	309	309	309	309
Enrollment	269	248	254	241	241	231	261	286	286	269
Kindle School - 1926										
Square Feet	21,977	32,977	32,977	32,977	32,977	32,977	32,977	32,977	32,977	32,977
Capacity (students)	217	217	217	217	217	217	217	217	217	217
Enrollment	253	252	233	222	225	225	210	192	192	253
W.C.K. Walls School - 1926										
Square Feet	38,902	38,902	38,902	38,902	38,902	38,902	38,902	38,902	38,902	38,902
Capacity (students)	274	274	274	274	274	274	274	274	274	274
Enrollment	252	276	266	247	241	258	255	257	257	252
<u>Middle School</u>										
Pitman Middle School - 1922										
Square Feet	78,684	78,684	78,684	78,684	78,684	78,684	78,684	78,684	78,684	78,684
Capacity (students)	381	381	381	381	381	381	381	381	381	381
Enrollment	404	396	401	402	374	364	356	363	363	404
<u>High School</u>										
Pitman High School - 1971										
Square Feet	99,415	99,415	99,415	99,415	99,415	99,415	99,415	99,415	99,415	99,415
Capacity (students)	556	556	556	556	556	556	556	556	556	556
Enrollment	529	511	525	528	513	505	494	498	498	529

Number of Schools at June 30, 2009

 Elementary = 3

 Middle School = 1

 Senior High School = 1

Source: District Facilities Office

Note: Year of original construction is shown. Increases in square footage and capacity are the result of additions. Enrollment is based on June student counts.

BOROUGH OF PITMAN SCHOOL DISTRICT
General Fund
Schedule of Required Maintenance for School Facilities
For the Fiscal Year Ended June 30, 2009

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

* School Facilities

Project # (s)	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
Memorial	49,489	44,496	29,129	37,222	12,422	4,884	4,550	23,981	3,107	209,280
Kindle	109,022	41,082	24,229	15,767	4,620	19,901	6,390	28,197	22,530	271,738
Walls	45,692	48,464	17,439	21,752	26,154	13,323	13,146	20,386	6,940	213,296
Middle	53,902	98,023	41,107	24,179	17,021	12,773	24,861	15,610	33,352	320,828
High School	141,626	127,338	78,200	46,158	32,431	37,073	33,519	50,552	41,894	588,791
Total School Facilities	399,731	359,403	190,104	145,078	92,648	87,954	82,466	138,726	107,823	1,603,933

* School facilities as defined under E.F.C.F.A.
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26-1.3)

Source: District records.

BOROUGH OF PITMAN SCHOOL DISTRICT

Insurance Schedule

June 30, 2009

Unaudited

	<u>Coverage</u>	<u>Self Insurance Retention</u>	<u>Deductible</u>
School Package Policy (1)			
Property, Inland Marine and Automobile Physical Damages	149,999,500		
Property Valuation			
Building and Contents	Replacement Costs		
Contractors Equipment	Actual Cash Value		
Automobiles	Actual Cash Value		
Boiler and Machinery	100,000,000	None	1,000
Crime	499,500		500
General and Automobile Liability	10,000,000	150,000	-
Workers' Compensation	Statutory	250,000	-
Educator's Legal Liability	10,000,000	100,000	-
Pollution Legal Liability	3,000,000	None	25,000
Student Accident Insurance (2)			
School Time Compulsory Student Accident Coverage	1,000,000		
Accident Medical Expense Benefit	5,000,000		
Catastrophic Cash Benefit	1,000,000		
Surety Bonds (3)			
A. Treasurer - Earl J. Kelly	210,000		
B. Board Secretary/Business Administrator - Michele D. Roemer	10,000		

(1) Association of School Business Officials Joint Insurance Fund

(2) Monumental Life Insurance Company

(3)A&B Selective Insurance Company of America

Source: District records.

SINGLE AUDIT SECTION

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

The Honorable President and
Members of the Board of Education
Borough of Pitman School District
County of Gloucester
Pitman, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Borough of Pitman School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2009, which collectively comprise the Borough of Pitman School District's basic financial statements and have issued our report thereon dated October 13, 2009. 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 audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Pitman Township School Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinions on the effectiveness on the Borough of Pitman School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Pitman School District's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purposes described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting as findings 2009-1 and 2009-6.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider none to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Pitman School Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 Finance, Department of Education, State of New Jersey and which are described in the accompanying schedule of findings and questioned costs as item 2009-2, 2009-4 and 2009-5.

This report is intended solely for the information and use of the management of the Board of Education of the Borough of Pitman School District, the New Jersey State Department of Education and other state and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

PETRONI & ASSOCIATES

Petroni & Associates

Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542

October 13, 2009

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

The Honorable President and
Members of the Board of Education
Borough of Pitman School District
County of Gloucester
Pitman, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Borough of Pitman School District, in the County of Gloucester, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2009. The Borough of Pitman School Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Borough of Pitman School Board of Education's management. Our responsibility is to express an opinion on the Borough of Pitman School Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major

federal and state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Pitman School Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Borough of Pitman School Board of Education's compliance with those requirements.

In our opinion, Borough of Pitman School District, in the County of Gloucester, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2009.

Internal Control Over Compliance

The management of the Board of Education of the Borough of Pitman School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Borough of Pitman School Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal and state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 District's internal control over compliance.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal and state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal and state program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal and state program will not be prevented or detected by the District's internal control.

Our consideration of the internal control over compliance was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of the management of the Board of Education of the Borough of Pitman School District, the New Jersey State Department of Education and other state and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

PETRONI & ASSOCIATES

Petroni & Associates

Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542

October 13, 2009

BOROUGH OF PITMAN SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2009

Federal Grantor/Pass-Through/Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2008	Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of prior Years' Balances	Balance at June 30, 2009			MEMO Cumulative Total Expenditures
				From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor	
U.S. Department of Education															
Passed-through State Department of Education:															
General Fund:															
Medical Assistance Program	93.778		2,652	07/1/08	- 06/30/09			2,167	(2,652)			(485)			2,652
U.S. Department of Education															
Passed-through State Department of Education:															
Special Revenue Fund:															
Title I - Part A	84.010	NCLB414009	83,371	09/1/08	- 08/31/09			56,272	(82,293)			(26,021)			82,293
Title I - Part A	84.010	NCLB414008	81,307	09/1/07	- 08/31/08	2,807			(2,807)						
Title II A, Teacher & Principal Training	84.367	NCLB414009	64,601	09/1/08	- 08/31/09			42,421	(64,601)			(22,180)			64,601
Title II A, Teacher & Principal Training	84.367	NCLB414008	63,622	09/1/07	- 08/31/08	4,096			(4,096)						
Title II D, Enhancing Education through Tech.	84.318	NCLB414009	693	09/1/08	- 08/31/09				(693)			(693)			693
Title II D, Enhancing Education through Tech.	84.318	NCLB414008	575	09/1/07	- 08/31/08	470			(420)				50		
Title III	84.365	NCLB414007	24,059	09/1/06	- 08/31/07	6,677					(6,677)				
Title IV-Safe & Drug Free Schools & Communities	84.186	NCLB414009	3,284	09/1/08	- 08/31/09			440					440		
Title IV-Safe & Drug Free Schools & Communities	84.186	NCLB414008	4,560	09/1/07	- 08/31/08	1,541							1,541		
Title V, Innovative Programs	84.298	NCLB414008	1,793	09/1/07	- 08/31/08	88			(88)						1,793
I.D.E.A. Part B, Basic Regular	84.027A	IDEA414009	372,458	09/1/08	- 08/31/09			114,704	(372,458)			(257,754)			372,458
I.D.E.A. Part B, Preschool	84.173	IDEA414009	14,305	09/1/08	- 08/31/09			14,305	(14,305)						14,305
U.S. Department of Justice															
Secure Our Schools	16.710	2005CKWXO664	21,300	01/1/06	- 08/31/08	(10,784)		10,784							21,300
Total Special Revenue Fund						4,895		238,926	(541,761)			(6,677)	(306,648)	2,031	557,443
U.S. Department of Agriculture															
Passed-through State Department of Education:															
Enterprise Fund:															
Food Distribution Program	10.550		16,942	07/1/08	- 06/30/09			16,942	(15,303)				1,639		16,942
Food Distribution Program	10.550		18,360	07/1/07	- 06/30/08	3,166			(3,166)						18,360
School Breakfast Program	10.553		2,696	07/1/08	- 06/30/09			2,268	(2,696)			(428)			2,696
School Breakfast Program	10.553		4,179	07/1/07	- 06/30/08	(650)		650							4,179
National School Lunch Program	10.555		79,116	07/1/08	- 06/30/09			63,310	(79,116)			(15,806)			79,116
National School Lunch Program	10.555		68,030	07/1/07	- 06/30/08	(12,236)		12,236							68,030
Special Milk Program	10.556		1,983	07/1/08	- 06/30/09			1,598	(1,983)			(385)			1,983
Special Milk Program	10.556		2,829	07/1/07	- 06/30/08	(567)		567							2,829
Total Enterprise Fund						(10,287)		97,571	(102,264)			(16,619)	1,639		194,135
Total Federal Financial Awards						(5,392)		338,664	(646,677)			(6,677)	(323,752)	3,670	754,230

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

BOROUGH OF PITMAN SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2009

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2008			Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Expenditures	Balance at June 30, 2009			MEMO	
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount				(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
Equalization Aid	09-495-034-5120-078	8,247,916	07/1/08	06/30/09			8,247,916	(8,247,916)					776,060	8,247,916	
Transportation Aid	09-495-034-5120-014	105,852	07/1/08	06/30/09			105,852	(105,852)					9,960	105,852	
Special Education Aid	09-495-034-5120-089	732,827	07/1/08	06/30/09			732,827	(732,827)					68,953	732,827	
Security Aid	09-495-034-5120-084	115,462	07/1/08	06/30/09			115,462	(115,462)					10,864	115,462	
Adjustment Aid	09-495-034-5120-085	795,470	07/1/08	06/30/09			795,470	(795,470)					79,804	795,470	
Extraordinary Aid	09-495-034-5120-044	65,796	07/1/08	06/30/09			52,689	(65,796)		(13,107)			65,796	65,796	
Extraordinary Aid	08-495-034-5120-044	21,075	07/1/07	06/30/08	(21,075)		21,075							21,075	
Reimbursed T.P.A.F. Social Security Contributions	09-495-034-5095-002	838,804	07/1/08	06/30/09			799,710	(838,804)			(39,094)			838,804	
Reimbursed T.P.A.F. Social Security Contributions	08-495-034-5095-002	803,010	07/1/07	06/30/08	(37,511)		37,511							803,010	
On-Behalf T.P.A.F. Pension Contribution	09-495-034-5095-006	35,797	07/1/08	06/30/09			35,797	(35,797)						35,797	
On-Behalf T.P.A.F. Postretirement Contribution	09-495-034-5095-001	682,908	07/1/08	06/30/09			682,908	(682,908)						682,908	
Total General Fund					(58,586)		11,627,217	(11,620,832)			(52,201)		945,641	12,444,917	
State Department of Health and Senior Services															
Special Revenue Fund:															
Southwest Council															
Reaching everyone by exposing lies		2,000	07/1/08	06/30/09				(2,000)			(2,000)			2,000	
Total Special Revenue Fund								(2,000)			(2,000)			2,000	
Debt Service Fund:															
Debt Service Aid Type II	09-495-034-5120-017	409,627	07/1/08	06/30/09			409,627	(409,627)						409,627	
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	09-100-010-3360-067	5,445	07/1/08	06/30/09			4,368	(5,445)			(1,077)			5,445	
National School Lunch Program (State Share)	08-100-010-3360-067	5,225	07/1/07	06/30/08	(948)		948							5,225	
School Breakfast Program (State Share)	09-100-010-3350-023	204	07/1/08	06/30/09			171	(204)			(33)			204	
School Breakfast Program (State Share)	08-100-010-3350-023	301	07/1/07	06/30/08	(49)		49							301	
Total Enterprise Fund					(948)		5,536	(5,649)			(1,110)			11,175	
Total State Financial Assistance					(59,534)		12,042,380	(12,038,108)			(55,311)		945,641	12,867,719	

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

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2009

NOTE 1: GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include federal and state activity of the Board of Education, Borough of Pitman School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of O.M.B. Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the General Fund and Special Revenue Fund on a G.A.A.P. basis. Budgetary comparison statements or schedules (R.S.I.) 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 G.A.A.P. 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 June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44-.2. For G.A.A.P. purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the G.A.A.P. basis does not. The Special Revenue Fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-4-.2.

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2009

The net adjustment to reconcile from the budgetary basis to the G.A.A.P. basis is (\$474,519) for the General Fund and \$2,947 for the Special Revenue Fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a G.A.A.P. basis as presented:

	Federal	State	Total
General Fund	2,652	11,146,313	11,148,965
Special Revenue Fund	541,761	4,947	546,708
Debt Service Fund		409,627	409,627
Food Service Fund	100,737	5,649	106,386
Total Financial Assistance	645,150	11,566,536	12,211,686

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FOOD DISTRIBUTION PROGRAM

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. Non-monetary assistance is reported in the schedule at the market value of the commodities received and disbursed. At June 30, 2009, Borough of Pitman School District has food commodities totaling \$1,639 in inventory.

NOTE 6: OTHER

The amount reported as T.P.A.F. Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2009. T.P.A.F. Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for T.P.A.F. members for the year ended June 30, 2009.

BOROUGH OF PITMAN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

1. Material weakness(es) identified? Yes X No
2. Significant deficiencies identified that
are not considered to be material weaknesses? X Yes None

Noncompliance material to basic financial
statements noted? Yes X No

Federal Awards

Internal control over major programs:

1. Material weakness(es) identified? Yes X No
2. Significant deficiencies identified that
are not considered to be material weaknesses? Yes X None reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to
be reported in accordance with Section .510(a)
of Circular A-133? Yes X No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.027	IDEA Part B

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes No

BOROUGH OF PITMAN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$361,143

Auditee qualified as low-risk auditee? X Yes No

Internal control over major programs:

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

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

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04? X Yes No

Identification of major programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
495-034-5120-078	Equalization Aid
495-034-5120-085	Adjustment Aid
495-034-5120-017	Debt Service Aid
495-034-5120-014	Transportation Aid

BOROUGH OF PITMAN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Section II – Financial Statement Findings

Payroll

Finding 2009-1

Criteria or Specific Requirement

Payroll agency payments should be remitted for the correct amount to avoid payment of penalty and interest.

Condition

Payroll agency payments were made for incorrect amounts to the proper federal or state agency resulting in overpayments being made and refunds having to be requested.

Questioned Cost

\$86,053

Effect

General Fund loaned payroll agency \$86,053 for the overpayment to the government.

Cause

An attempt to correct the payment amount resulted in an overpayment.

Recommendation

More care be exercised when agency amounts are remitted to the federal or state government for payroll withholdings.

Board Secretary's Records

Finding 2009-2

Criteria or Specific Requirement

The Uniform Minimum Chart of Accounts for New Jersey Public Schools, 2003 Edition and other available reference materials, such as the Budget Guidelines be referenced for the proper classification required to be in compliance with N.J.A.C. 6A:23-2.2(f).

Condition

During review of lease agreements it was noted that the District misclassified and misbudgeted lease payments for equipment as lease payments for land and building. The expenditure and related appropriation was reclassified for financial statement presentation.

Questioned Cost

\$109,904

BOROUGH OF PITMAN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Section II – Financial Statement Findings (Continued)

Effect

The District is not following the Uniform Minimum Chart of Accounts for New Jersey Public Schools.

Cause

This is where all lease payments have been paid for in prior years.

Recommendation

The Uniform Minimum Chart of Accounts for New Jersey Public Schools, 2003 Edition and other available reference materials, such as the Budget Guidelines be referenced for the proper classification required to be in compliance with N.J.A.C. 6A:23-2.2(f).

Finding 2009-4

Criteria or Specific Requirement

Internal Revenue Service forms 1099's were not prepared for all professional service organizations as required.

Condition

Forms 1099's were not prepared for some of the required vendors.

Questioned Cost

Unknown

Effect

The District is not in compliance with Internal Revenue Service requirements.

Cause

The Business Office did not have every W-9 on file from the vendors.

Recommendation

The Business Office obtain form W-9 from vendors to determine which vendors qualify for filing of Internal Revenue Service form 1099.

Finding 2009-5

Criteria or Specific Requirement

A District Board of Education shall not incur any obligation in excess of the amount appropriated by the District Board of Education in the applicable line item account as required by N.J.A.C. 6A:23-2.11.

BOROUGH OF PITMAN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Condition

Budget line item transfers were not approved prior to the overexpenditure of a line item.

Questioned Cost

Unknown

Effect

The District is not in compliance with the administrative code.

Cause

Transfers are being posted into the accounting records as of the last day or the month regardless of when the transfer was prepared.

Recommendation

The Board Secretary should not approve the issuance of purchase orders that would cause an over-expenditure in the line item account to be charged, prior to the Board approving the requested transfer of additional appropriations to cover such orders.

Finding 2009-6

Criteria or Specific Requirement

Standard procedures over the cash receipts function are necessary elements of the internal control process.

Condition

There are not standard procedures for receiving checks for the Panther Club. Checks are not endorsed when received and a control list is not prepared of the receipts.

Questioned Cost

Unknown

Effect

Receipts are recorded as of the date of deposit.

Cause

The District had been recording the receipts when they were received in the Business Office.

Recommendation

Controls over the cash receipts function for the Panther Club be implemented as soon as possible.

BOROUGH OF PITMAN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Section III – Federal and State Financial Assistance Findings and Questioned Costs

FEDERAL AWARDS

No matters reported.

STATE AWARDS

State of New Jersey

Department of Education

Equalization Aid 495-034-5120-078, Adjustment Aid 495-034-5120-085, Fiscal Year Ended June 30,
2009

Same as Finding 2009-2, Section II – Financial Statement Findings

Same as Finding 2009-5, Section II – Financial Statement Findings

BOROUGH OF PITMAN SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Finding 2008-1

Condition:

A few payrolls were not approved by the Superintendent or certified by the President of the Board and the Assistant Superintendent for Business/Board Secretary

Current year status: Corrective action has been taken.

Finding 2008-2

Condition:

Several errors were made in the amounts transferred to the payroll agency bank account resulting in adjustments having to be made to subsequent transfers. In addition certain payments were made in incorrect amounts to the withholding agencies resulting in overpayments being made and refunds having to be requested.

Current year status: Corrective action was not taken.

Planned action: More care will be exercised in reviewing amounts due and payable to the various payroll agencies.

Finding 2008-3

Condition:

Transfers were made that would require a two-thirds affirmative vote of the authorized membership of the school board however, the number of board members present made it impossible to obtain the required two-thirds vote.

Current year status: Corrective action was taken.

Finding 2008-4

Condition:

N.J.S.A. 18A:17-36 The annual treasurer's report was not filed with the County Superintendent by August 1st deadline as required by N.J.S.A. 18A:17-36.

Current year status: Corrective action was taken.