Borough of Pitman School District

Board of Education

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2011

BOROUGH OF PITMAN SCHOOL DISTRICT

PITMAN, NEW JERSEY 08071

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

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Of the

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

For the Fiscal Year Ended June 30, 2011

Prepared by:

Borough of Pitman School
Board of Education Administration

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INTRODUCTORY SECTION

Pitman Public Schools

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September 28, 2011

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

Dear Board Members:

The comprehensive annual financial report of the Pitman Public School District for the fiscal year ended June 30, 2011, 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 O.M.B., "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 2010-2011 fiscal year with a total enrollment of 1590 which included 53 parent paid 3 and 4 year old inclusion students, 19 parent paid tuition students grades K-12, three (3) students on attending an alternative school program, 30 out-of-district handicapped student placements, and 300 special education students in District.

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 schools, enrolling approximately 75 students. At the end of the 2010-2011 school year, the Panther Club had a total of approximately 224 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.

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

ENROLLMENT AS OF JUNE 30

FISCAL YEAR	TOTAL STUDENT ENROLLMENT	SPECIAL EDUCATION ENROLLMENT
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	1621	310
2009-2010	1598	300
2010-2011	1590	300

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:

In March 2011, the community experienced a major setback with the closing of the Sony DADC manufacturing plant, resulting in the loss of approximately 400 jobs. Sony DADC, which manufactured CD's and DVD's at the plant, is the largest property owner and taxpayer in the town. The facility had been scaling back activity over recent years, and had reached a tax settlement with the municipality that changed the property's assessed value and ratable status beginning in calendar year 2011. The settled tax rate will hold for calendar year 2012, but the uncertainty of the now vacant property could likely mean another downward adjustment in the ratable status of the property in the future. The change in ratable status had an impact on the 2011-12 school budget, resulting in an additional share of the tax increase being shifted to the remaining tax payers, primarily homeowners. Future school budgets will be similarly impacted by the decline in assessed value of the Sony property.

State Aid
State aid for the 2010-2011 school year decreased by 16% or ($1,616,477). This was offset by an increase in federal aid of $1,478,830. 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
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. In addition, the District is still experiencing an increase in special education students with severe needs and the need to provide the least restrictive environment for students. These two issues alone require additional resources which the cost of far exceeds the changes in aid.

Federal Funding
The District's N.C.L.B., I.D.E.A. Basic and I.D.E.A. Preschool, funding remained relatively flat for the 2010-2011 school year. Additional funds were provided for A.R.R.A. grants totaling $373,950 which are two year grants.

3) MAJOR INITIATIVES:

Student Achievements
SAT Scores

	2011 PITMAN H.S. MEAN	**2010 PITMAN H.S. MEAN**	**NEW JERSEY MEAN**	**USA MEAN**
SAT Reading Score	499	512	495	501
SAT Math Score	517	535	514	516
SAT Writing	480	501	497	492

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:	2011	2010	2009	2008	2007	2006
Attending a four year college program	50%	43%	40%	61%	53%	57%
Attending a two year college program	46%	52%	47%	27%	38%	32%
Attending specialized training program	0%	0%	8%	4%	0%	2%
Entering the work force	3%	2%	2.5%	8%	2%	8%
Entering the military	1%	3%	2.5%	0%	1%	1%

Pitman High School Advanced Placement
In 2010, a total of 74 students took AP exams in 7 different subject areas:

50% of exams scored 5
18% of exams scored 4 or higher
65% of exams scored 3 or higher

In 2011, a total of 70 students took AP exams in 7 different subject areas

31% of exams scored 5
30% of exams scored 4 or higher
16% of exams scored 3 or higher

State Testing (Spring 2010)
NJASK-3

- 48.6% of all students passed the NJASK-3 Language Arts Assessment
- 74.7% of all students passed the NJASK – 3 Mathematics Assessment

NJASK – 4

- 51.6% of all students passed the Language Arts Assessment
- 83% of all students passed the Mathematics Assessment
- 96.7% of all students passed the Science Assessment

NJASK – 5

- 62.5% of all students passed the Language Arts Assessment
- 84.2% of all students passed the Mathematics Assessment

NJASK – 6

- 65.5% of all students passed the Language Arts Assessment
- 78.2% of all students passed the Mathematics Assessment

NJASK – 7

- 67.9% of all students passed the Language Arts Assessment
- 67.9% of all students passed the Mathematics Assessment

GEPA – Grade 8

- 79% of all students passed the Language Arts Assessment
- 44.3% of all students passed the Mathematics Assessment
- 79.8% of all students passed the Science Assessment

HSPA – Grade 11

- 93% of all students passed the Language Arts Assessment
- 87% of all students passed the Mathematics Assessment

State Testing (Spring 2011)
NJASK-3

- 54.6% of all students passed the NJASK-3 Language Arts Assessment
- 80.2% of all students passed the NJASK – 3 Mathematics Assessment

NJASK – 4

- 60.5% of all students passed the Language Arts Assessment
- 80.7% of all students passed the Mathematics Assessment
- 95.6% of all students passed the Science Assessment

NJASK – 5

- 68.4% of all students passed the Language Arts Assessment
- 86.5% of all students passed the Mathematics Assessment

NJASK – 6

- 70.4% of all students passed the Language Arts Assessment
- 88.1% of all students passed the Mathematics Assessment

NJASK – 7

- 65.1% of all students passed the Language Arts Assessment
- 73.2% of all students passed the Mathematics Assessment

GEPA – Grade 8

- 86.1% of all students passed the Language Arts Assessment
- 77.2% of all students passed the Mathematics Assessment
- 94.8% of all students passed the Science Assessment

HSPA – Grade 11

- 93.6% of all students passed the Language Arts Assessment
- 82.6% of all students passed the Mathematics Assessment

District Goals
It was reported to the board by Superintendent McAleer 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
The Pitman Board of Education continues it's participation in the Atlantic Cape Counties Association of School Business Officials Joint Insurance Fund (A.C.C.A.S.B.O.J.I.F.). There are 18 member districts. The District experienced a 3% increase in premiums.

The Safety Committee is still active. The committee met four times and consisted of a variety of staff members from all buildings and departments. Mrs. Fran Yearwood was elected the chairperson. The purpose of the committee for the third year was to make safety a priority. The District met the criteria as an Elite District under the A.C.C.A.S.B.O.J.I.F. 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 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, 2011.

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 fund 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, 2011, the District's outstanding debt issues include $10,724,000 of general obligation bond principal. This amount includes the amounts associated with refinancing of the Series 1998 school bonds; the Series 2006 and 2009 school bonds. In 2006, the debt for the Auditorium at the High School was completed. The total principal outstanding on the 1998 Bonds is $4,520,000; $4,209,000 on the 2006 Bonds and $1,995,000 on the 2009 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 ("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. 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 $38,000 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 (A.C.C.A.S.B.O.J.I.F.). 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 A.C.C.A.S.B.O.J.I.F. 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.

10) RISK MANAGEMENT: (CONTINUED)

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 J.I.F.'s formed a S.P.E.L.L. (School Pool for Excess Legal Liability). The S.P.E.L.L. is a vehicle by which the J.I.F.'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 S.P.E.L.L. 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 A.C.C.A.S.B.O.J.I.F. is committed to uniting local school districts in a joint effort to better manage their risks and assure fiscal stability by providing cost-effective, comprehensive insurance coverage and minimizing losses through pro-active membership involvement in claims management and loss prevention activities excess reinsurance."

11) FUND BALANCE:

The fund balance for governmental funds as of June 30, 2011, for the District (See Exhibit B-1) is $1,050,747. The District's fund balance is greater than the 2% as established by P.L. 2004. Therefore, $406,189 will roll into fund balance for tax relief for the 2012-2013 budget.

12) OTHER INFORMATION:

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Petroni & Associates LLC was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related O.M.B. Circular A-133 and State Treasury Circular Letter 04-04 O.M.B. 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 2010-2011 school year 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. We also appreciate the guidance and advice of our treasurer.

Respectfully submitted,

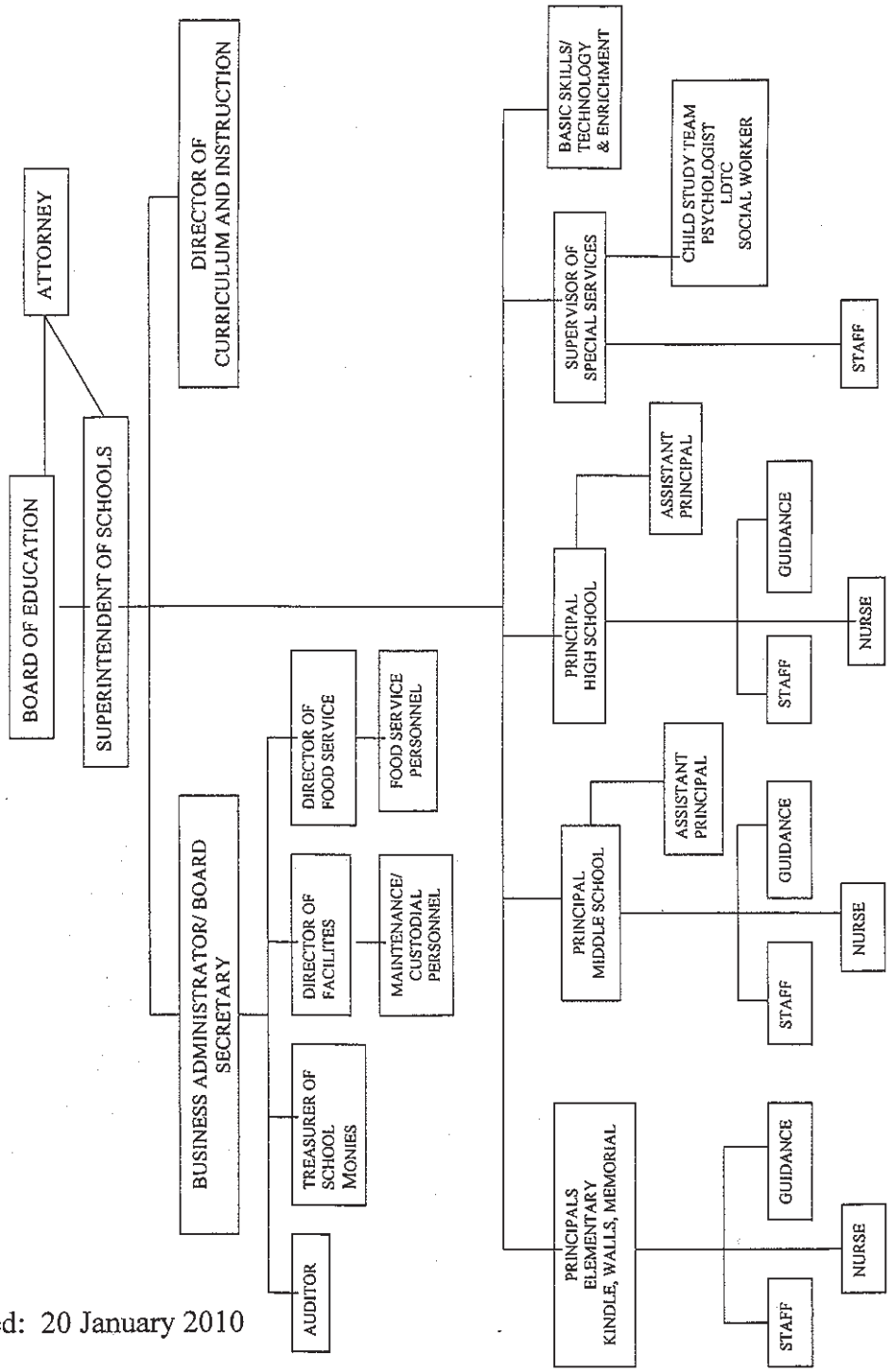
Patrick J. McAleer

Patrick J. McAleer, Ed. D
Superintendent of Schools

Deborah J. Roncace

Deborah J. Roncace
Business Administrator/
Board Secretary

1110 ORGANIZATIONAL CHART



Adopted: 20 January 2010

Pitman School District
Pitman, New Jersey

ROSTER OF OFFICIALS
June 30, 2011

Board of Education Members

Board Member	Office Held	Term Date
Stacy DeClement	President	2013
Will Downham	Vice President	2013
Thomas DeGeorge	Board Member	2014
Thomas Hahn	Board Member	2012
Joseph F. Martin Jr.	Board Member	2013
Bonnie Savage	Board Member	2012
Judy Walker	Board Member	2014

OTHER OFFICIALS

Thomas F. Schulte, Superintendent of Schools

Deborah J. Roncace, Business Administrator/Board Secretary

Beth Walls, Treasurer until May 2011

Samuel H. Bullock Esq., Solicitor

Pitman School District
Pitman, New Jersey

List of Consultants

Auditor:	Petroni & Associates LLC 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:	Beth Walls until May 2011
Depository:	TD Banknorth 51 North Woodbury Road Pitman, NJ 08071 Colonial Bank 271 Lambs Road Sewell, NJ 08080
Risk Management Consultant:	Len Eckman Inc. 302 Montgomery Avenue Pitman, NJ 08071

FINANCIAL SECTION

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

MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

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

INDEPENDENT AUDITOR'S REPORT

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

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, 2011, 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 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 and Regulatory Compliance, 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 opinion.

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, 2011, and the respective changes in financial position and, where applicable, cash flows thereof 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 19, 2011, 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 information referenced in the outline of the C.A.F.R. are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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 introductory section, 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 financial statements. 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 O.M.B.'s Circular 04-04 *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* respectively, and is also not a required part of the financial statements. The combining and individual fund financial statements and the schedules of federal awards and state financial assistance 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 be n subjected to the auditing procedures applied in the audit of the basic financial.

PETRONI & ASSOCIATES LLC

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

October 19, 2011

Required Supplementary Information – Part I

Borough of Pitman School District
Pitman, New Jersey

Management's Discussion & Analysis
Fiscal Year Ended June 30, 2011
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, 2011. 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.

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; P.B.O.E.'s funds do not currently contain capital assets, although they can
Type of inflow/ Outflow Information	All revenues and expenses during year regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

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

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*.

- 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.

Fund Financial Statements (Continued)

- *Proprietary Funds:* Services for which the District charges a fee are generally reported in Proprietary Funds. Proprietary funds are reported in the same way as the District-wide statements. *In fact, the Distr*ict's *Enterprise Funds* (one type of Proprietary Fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flow.

- *Internal Service Funds:* (*the other kind of* proprietary fund) are utilized to report activities that provide supplies and services for other District programs and activities and for other districts.

- *Fiduciary Funds:* The District is the trustee, or *fiduciary,* for assets that belong to others, such as the Student Activity Fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the Financial Statements

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

Financial Analysis of the District as a Whole

Borough of Pitman School District's Net Assets

	FY 2011		FY 2010		Total	
	Governmental	Business-Type	Governmental	Business-Type	FY 2011	FY 2010
Assets:						
Current and other assets	2,383,353	283,098	2,318,248	169,695	2,666,451	2,487,943
Capital assets	11,825,339	34,100	12,352,887	39,704	11,859,439	12,392,591
Total assets	14,208,692	317,198	14,671,135	209,399	14,525,890	14,880,534
Liabilities:						
Noncurrent liabilities	11,810,358	10,437	12,743,444	9,683	11,820,795	12,753,127
Other liabilities	191,744	14,104	1,003,103	12,880	205,848	1,015,983
Total liabilities	12,002,102	24,541	13,746,547	22,563	12,026,643	13,769,110
Net assets:						
Invested in capital assets, net of related debt	966,163	34,100	728,731	39,704	1,000,263	768,435
Restricted	2,247,509		1,570,508		2,247,509	1,570,508
Unrestricted	(1,007,082)	258,557	(1,374,651)	147,132	(748,525)	(1,227,519)
Total net assets	2,206,590	292,657	924,588	186,836	2,499,247	1,111,424

Net assets: The District's combined total net assets are $2,499,247 on June 30, 2011, (see Exhibit A-1). Approximately 12% of the total net assets are from business-type activities, while the balance of the total net assets of 88% is attributable to governmental activities.

Financial Analysis of the District as a Whole (Continued)

Borough of Pitman School District's
Changes in Net Assets

	FY 2011		FY 2010		Total	
	Governmental	Business-Type	Governmental	Business-Type	FY 2011	FY 2010
Revenues:						
Program revenues						
Charges for services		639,585		662,877	639,585	662,877
Operating grants & contributions	641,830	130,741	783,936	131,132	772,571	915,068
General revenues						
Property taxes	12,077,452		11,315,525		12,077,452	11,315,525
Grants and entitlements	11,470,588		12,005,361		11,470,588	12,005,361
Other	769,471		229,675		769,471	229,675
Total revenue	24,959,341	770,326	24,334,497	794,009	25,729,667	25,128,506
Expenses:						
Instruction	10,268,508		11,048,817		10,268,508	11,048,817
Student & instructional related serv.	3,516,151		3,622,535		3,516,151	3,622,535
School administration	1,131,922		1,032,468		1,131,922	1,032,468
General administrative services	439,972		379,937		439,972	379,937
Central services	281,129		233,408		281,129	233,408
Plant operations & maintenance	1,581,643		1,710,533		1,581,643	1,710,533
Pupil transportation	464,048		424,838		464,048	424,838
Employee benefits	4,948,448		5,037,668		4,948,448	5,037,668
Interest on debt	457,979		439,885		457,979	439,885
Food service		443,815		480,534	443,815	480,534
Other business-type		250,690		348,609	250,690	348,609
Unallocated depreciation	530,301		480,815		530,301	480,815
Capital outlay	27,238		105,000		27,238	105,000
Total expenses	23,647,339	694,505	24,515,904	829,143	24,341,844	25,345,047
Transfers	(30,000)	30,000	(85,000)	85,000		
Increase (decrease) in net assets	1,282,002	105,821	(266,407)	49,866	1,387,823	(216,541)

Changes in net assets: The District's total revenues are $25,729,667 for the fiscal period ended June 30, 2011, (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 97% of the District's revenue; 3% is derived from state and federal aid for specific programs.

The District's expenses are predominantly related to education and caring for students. The purely general and central administrative activities of the District accounted for approximately 2.9% of the total expenses. Salary increases due to contractual agreement for teachers and other educational staff is included in the instruction-related costs.

Governmental Activities

Revenues for governmental activities were $24,959,341 while total expenses amounted to $23,647,339 and transfers of $30,000. This resulted in an increase in net assets in governmental activities of $1,282,002 for fiscal year 2011.

Business-Type Activities
Revenues for the District's business-type activities amounted to $770,326. Total expenses amounted to $694,505 and net assets increased by $105,821.

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 $2,000,890, (see Exhibit B-1) which consists of General Fund balance $1,050,747, unexpended Capital Projects $649,014 and Debt Service $301,129. On a budgetary basis (see Exhibit C-1) the General Fund, unassigned fund balance is $531,936. This represents approximately 2% of the total budget. District officials continue to express concern over the lack of budgetary fund balance for emergency purposes due to the implementation of P.L. 2004 which required districts to reduce their fund balance.

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

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

This fiscal year completed the seventh 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.

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, 2011, amounts to $11,859,439 (net of accumulated depreciation). Total depreciation expense for Governmental and Business - type activities is $568,410. The District's fiscal year 2012 capital budget does not anticipate spending any additional funds. This investment in capital assets includes land, buildings, equipment and furniture see table below (more detailed information about capital assets can be found in Note 6 to the financial statements).

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets: (Continued)

Pitman Borough School District's Capital Assets

	FY 2011		FY 2010		Total	
	Governmental	Business-Type	Governmental	Business-Type	FY 2011	FY 2010
Land	101,593		101,593		101,593	101,593
Construction in progress			1,444,168			1,444,168
Land improvements	101,816		111,774		101,816	111,774
Buildings and improvements	11,068,441		10,112,177		11,068,441	10,112,177
Machinery & equipment	553,489	34,100	583,175	39,705	587,589	622,880
	11,825,339	34,100	12,352,887	39,705	11,859,439	12,392,592

Long-term Debt:

At June 30, 2011, the School District had $11,561,917 in long-term debt. Serial bonds consist of $10,724,000, capital leases of $77,454, compensated absences $656,713 and $103,750 for early retirement separation agreements. (More detailed information about long-term debt can be found in the Notes to the financial statements.)

The state limits the amount of general obligation debt the District can issue to 4 percent of the equalized valuation of all taxable property within the District. The current limit is $29,890,262 of which $19,166,262 is available for the issuance of debt.

Outstanding Debt at June 30

	FY 2011	FY 2010	Percentage Change
Refunding Bonds of 2005	4,520,000	5,105,000	-11.46%
School Bonds of 2006	4,209,000	4,219,000	-0.24%
School Bonds of 2009	1,995,000	2,095,000	-4.77%
Compensated absences	656,713	694,927	-5.50%
Early retirement separation	103,750	207,500	-50.00%
Capital leases	77,454	142,658	-45.71%
Total	11,561,917	12,464,085	-7.24%

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.

Factors Bearing on the District's Future (Continued)

- P.L. 2004 restricts increases to the budget in total administrative costs (including fixed charges). This has and will continue to present challenges to the budgeting process.

- Special Education costs are an issue during each budgeting cycle. The District has experienced the need for additional resources for in-house programs.

- The District experienced a slight enrollment increase during the 2010-2011 school year. However, due to the implementation of a 3 and 4 year old parent paid tuition program, the District has 57+ tuition students.

- On September 29, 2009, the Board passed a bond referendum for the funding of installation of solar panels on the Pitman High School roof. In future years the school district will generate Solar Renewable Energy Credits (S.R.E.C.'s) on the open market. This revenue source will be used to refund our budgeted energy costs.

- The state legislature enacted a 2% cap on property tax increases that went into effect with the development of school district budgets.

- New legislation enacted in June 2011 sets employee contribution rates towards the cost of health benefits over a four year phase-in period. While these contributions will help to offset annual increases in premiums, the average rate of increases has exceeded the expected contributions.

- In 2011-12, the district has joined with approximately 30 other districts as part of a health insurance trust in an effort to better control annual premium increases.

- In 2011-12, additional state aid (approximately $217,000) was granted upon passage of the state budget. Because of anticipated shortfalls in revenues in 2012-13, the district hopes to carryover that amount to help offset that shortfall next year. The anticipated shortfall is related to the loss of approximately $335,000 in federal reimbursement (Education Jobs Act).

- The 2011 closing of the Sony DADC plant (largest taxpayer) has already impacted the development of school budgets and compromised the likelihood that they will meet with voter approval going forward. This is due to a recent tax settlement between Sony and the municipality that lowered Sony's tax burden from prior years. Once the settlement expires in 2013, it is expected that the property's tax burden will be further reduced. As such, the overall tax burden will be shared among homeowners without the benefit of the largest ratable in the community. Even if the property were to be sold/leased to a new tenant, it is possible that tax abatements or similar incentives might be necessary to attract such a tenant to the property.

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 DISTRICT
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-type Activities	FY 2011
ASSETS:			
Cash and cash equivalents	190,059	253,902	443,961
Interfund accounts receivable	114,804		114,804
Receivables, net	346,451	24,296	370,747
Inventory		4,900	4,900
Restricted assets:			
Restricted cash and cash equivalents	950,143		950,143
Capital reserve account - cash	40,642		40,642
Maintenance reserve - cash	550,535		550,535
Deferred bond issuance costs, net	70,472		70,472
Deferred amount on refunding, net	120,247		120,247
Capital assets:			
Non-depreciable	101,593		101,593
Assets net of depreciation	11,723,746	34,100	11,757,846
Total Assets	14,208,692	317,198	14,525,890
LIABILITIES:			
Cash overdraft	116,109		116,109
Accounts payable	75,635		75,635
Deferred revenue		14,104	14,104
Noncurrent liabilities:			
Due within one year	1,097,436		1,097,436
Due beyond one year	10,712,922	10,437	10,723,359
Total Liabilities	12,002,102	24,541	12,026,643
NET ASSETS:			
Invested in capital assets, net of related debt	966,163	34,100	1,000,263
Restricted for:			
Debt service	301,129		301,129
Capital projects	689,656		689,656
Other purposes	1,256,724		1,256,724
Unrestricted	(1,007,082)	258,557	(748,525)
Total net assets	2,206,590	292,657	2,499,247

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2011

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction:						
Regular	6,731,858			(6,731,858)		(6,731,858)
Special education	2,780,416		588,436	(2,191,980)		(2,191,980)
Other special education	331,244			(331,244)		(331,244)
Other instruction	424,990			(424,990)		(424,990)
Support services:						
Tuition	1,164,917			(1,164,917)		(1,164,917)
Student & instructional related services	2,351,234		9,707	(2,341,527)		(2,341,527)
General administrative services	439,972			(439,972)		(439,972)
School administrative services	1,131,922			(1,131,922)		(1,131,922)
Central services	281,129			(281,129)		(281,129)
Plant operations & maintenance	1,504,903			(1,504,903)		(1,504,903)
Grounds	76,740			(76,740)		(76,740)
Pupil transportation	464,048			(464,048)		(464,048)
Employee benefits	4,948,448		43,687	(4,904,761)		(4,904,761)
Interest on long-term debt	457,978			(457,978)		(457,978)
Capital outlay	27,239			(27,239)		(27,239)
Unallocated depreciation	530,301			(530,301)		(530,301)
Total governmental activities	23,647,339		641,830	(23,005,509)		(23,005,509)
Business-type activities:						
Food service	443,815	272,373	130,741		(40,701)	(40,701)
Other activities	250,690	367,212			116,522	116,522
Total business-type activities	694,505	639,585	130,741		75,821	75,821
Total primary government	24,341,844	639,585	772,571	(23,005,509)	75,821	(22,929,688)
General revenues:						
Property taxes, levied for general purpose				11,403,562		11,403,562
Taxes levied for debt service				673,890		673,890
Federal and state aid not restricted				11,470,588		11,470,588
Tuition				134,843		134,843
Investment earnings				1,850		1,850
Miscellaneous income				334,747		334,747
Other financing sources				298,031		298,031
Transfers				(30,000)	30,000	
Total general revenues, special items, extraordinary items and transfers				24,287,511	30,000	24,317,511
Change in net assets				1,282,002	105,821	1,387,823
Net assets - beginning				924,588	186,836	1,111,424
Net assets - end				2,206,590	292,657	2,499,247

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

EXHIBIT B-1

BOROUGH OF PITMAN SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Totals FY 2011
ASSETS:					
Cash and cash equivalents	190,059		649,014	301,129	1,140,202
Interfund accounts receivable	114,804				114,804
Receivables	206,040	140,411			346,451
Restricted cash and cash equivalents	591,177				591,177
Total assets	1,102,080	140,411	649,014	301,129	2,192,634
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Cash overdraft		116,109			116,109
Accounts payable	51,333	24,302			75,635
Total liabilities	51,333	140,411			191,744
Fund balances:					
Restricted for:					
Capital reserve account	40,642				40,642
Maintenance reserve	550,535				550,535
Excess surplus - current year	406,189				406,189
Assigned fund balance:					
Other purposes	60,846				60,846
Designated for subsequent year's expenditures	300,000			99,047	399,047
Unassigned fund balance:					
General fund	(307,465)				(307,465)
Capital projects fund			649,014		649,014
Debt service fund				202,082	202,082
Total fund balances	1,050,747		649,014	301,129	2,000,890
Total liabilities and fund balances	1,102,080	140,411	649,014	301,129	

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2011

	FY 2011
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of assets is $20,895,563 and the accumulated depreciation is $9,070,224 (see Note 6).	11,825,339
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 $41,874. The bond issuance costs for Series 2006 are $32,586, the amortization is $1,664 and the accumulated amortization is $9,152.	70,472
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 $107,049.	120,247
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 $96,500.	(108,395)
Interest on long-term debt in the Statement of Activities is accrued, regardless of when due.	(140,046)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7).	(11,561,917)
Net assets of governmental activities	2,206,590

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, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Totals FY 2011
REVENUES:					
Local tax levy	11,403,562			673,890	12,077,452
Tuition	134,843				134,843
Interest earned on investments	1,306		415		1,721
Interest earned on capital reserve funds	129				129
Miscellaneous	334,747				334,747
	11,874,587		415	673,890	12,548,892
State sources	10,963,331			477,604	11,440,935
Federal sources	29,653	641,830			671,483
Total revenues	22,867,571	641,830	415	1,151,494	24,661,310
EXPENDITURES:					
Current:					
Regular instruction	6,698,176				6,698,176
Special education instruction	2,174,875	588,436			2,763,311
Other special instruction	323,054				323,054
Other instruction	421,936				421,936
Support services & undistributed costs:					
Tuition	1,164,917				1,164,917
Student & instruction related services	2,336,235	9,707			2,345,942
General administrative services	433,527				433,527
School administrative services	1,118,052				1,118,052
Central services	285,873				285,873
Plant operations and maintenance	1,504,066				1,504,066
Grounds	76,740				76,740
Pupil transportation	464,048				464,048
Employee benefits	5,096,250	43,687			5,139,937
Debt service:					
Principal				695,000	695,000
Interest and other charges				462,754	462,754
Capital outlay	169,853		1,818		171,671
Total expenditures	22,267,602	641,830	1,818	1,157,754	24,069,004
Excess (deficiency) of revenues over expenditures	599,969		(1,403)	(6,260)	592,306
OTHER FINANCING SOURCES (USES):					
Capital leases (non-budgeted)	42,270				42,270
Other financing sources				298,031	298,031
Transfers in	88,695		(415)	415	88,695
Transfers to food service fund	(80,000)				(80,000)
Total other financing sources and uses	50,965		(415)	298,446	348,996
Net change in fund balances	650,934		(1,818)	292,186	941,302
Fund balance - July 1	399,813		650,832	8,943	1,059,588
Fund balance - June 30	1,050,747		649,014	301,129	2,000,890

See accompanying notes to the basic financial statements.

EXHIBIT B-3

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, 2011

Total net change in fund balances - governmental funds (from B-2)		941,302
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Capital outlay	40,862	
Depreciation expense	(568,410)	
		(527,548)
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.		
Bond principal payments		695,000
Capital lease obligation principal payments		107,474
Capital lease obligation proceeds		(42,270)
Bond issuance costs are reported in the governmental funds as expenditures in the year the bonds are issued. However, in the Statement of Activities, the costs are amortized over the life of the bonds.		
Premium on bonds		15,863
Deferred bond issuance costs		(8,547)
Deferred amount on refunding		(17,597)
Internal service funds are used by management to charge costs of certain activities, such as shared business services. The operating transfer are included in the governmental funds.		(38,695)
Interest on long-term debt in the Statement of Activities differs from the amounts reported in the Governmental Funds because interest is recorded as an expenditure in the funds when it is due, and thus requires that use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The net change in the accrued interest was an increase.		15,056
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.		141,964
Change in net assets of governmental activities		1,282,002

See accompanying notes to the basic financial statements.

EXHIBIT B-4

BOROUGH OF PITMAN SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-type Activities - Enterprise Funds - Major Funds			
	Food Service	Before/After School	Preschool Program	Totals FY 2011
ASSETS:				
Current assets:				
Cash and cash equivalents	47,798	119,553	86,551	253,902
Accounts receivable	20,167	1,429	2,700	24,296
Inventories	4,900			4,900
Total current assets	72,865	120,982	89,251	283,098
Noncurrent assets:				
Furniture, machinery & equipment	177,993			177,993
Less: accumulated depreciation	(143,893)			(143,893)
Total noncurrent assets	34,100			34,100
Total assets	106,965	120,982	89,251	317,198
LIABILITIES:				
Current liabilities:				
Deferred revenue	1,679	10,875	1,550	14,104
Compensated absences	10,437			10,437
Total current liabilities	12,116	10,875	1,550	24,541
NET ASSETS:				
Invested in capital assets, net of related debt	34,100			34,100
Unrestricted	60,749	110,107	87,701	258,557
Total net assets	94,849	110,107	87,701	292,657

See accompanying notes to the basic financial statements.

EXHIBIT B-5

BOROUGH OF PITMAN SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Year Ended June 30, 2011

	Business-type Activities Enterprise Funds - Major Funds				Governmental Activities - Internal Service Fund
	Food Service	Before/After School	Preschool Program	Totals FY 2011	
OPERATING REVENUES:					
Local sources:					
Daily sales-reimbursable programs	158,352			158,352	
Daily sales special milk	2,849			2,849	
Daily sales non-reimbursable programs	110,157			110,157	
Special function/miscellaneous	1,015			1,015	
Tuition		241,369	125,843	367,212	
Total operating revenue	272,373	241,369	125,843	639,585	
OPERATING EXPENSES:					
Salaries	205,588	167,719	56,963	430,270	
Employee benefits	13,252	13,475		26,727	
Supplies and materials	11,483	10,812		22,295	
Other purchased services (400-500 series)	2,458	120		2,578	
Cost of sales	204,908			204,908	
Equipment	258			258	
Miscellaneous other expenses	263	1,601		1,864	
Depreciation	5,605			5,605	
Total operating expenses	443,815	193,727	56,963	694,505	
Operating income (loss)	(171,442)	47,642	68,880	(54,920)	
NON-OPERATING REVENUES:					
State sources:					
National school lunch program - state	4,545			4,545	
Federal sources:					
National school lunch program	104,243			104,243	
School breakfast program	3,051			3,051	
Special milk program	2,034			2,034	
Food distribution program	16,868			16,868	
Total non-operating revenues (expenses)	130,741			130,741	
Transfer from general fund - Board contribution	80,000			80,000	
Transfer to general fund		(50,000)		(50,000)	(38,695)
Net income (loss)	39,299	(2,358)	68,880	105,821	(38,695)
Total net assets - beginning	55,550	112,465	18,821	186,836	38,695
Total net assets - ending	94,849	110,107	87,701	292,657	

See accompanying notes to the basic financial statements.

EXHIBIT B-6

BOROUGH OF PITMAN SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Business-type Activities Enterprise Funds - Major Funds				Governmental Activities - Internal Service Fund
	Food Service	Before/After School	Preschool Program	Totals FY 2011	
Cash flows from operating activities:					
Receipts from customers	272,545	243,008	125,833	641,386	
Payments to suppliers	(201,840)	(12,533)		(214,373)	
Payments to employees	(204,835)	(167,719)	(56,963)	(429,517)	
Payments for employee benefits	(13,252)	(13,475)		(26,727)	
Net cash provided (used) by operating activities	(147,382)	49,281	68,870	(29,231)	
Cash flows from non-capital financing activities:					
Cash received from state & federal reimbursements	104,066			104,066	
Net cash provided by non-capital financing activities	104,066			104,066	
Cash flows from investing activities:					
Payments from general fund	80,000			80,000	
Transfer to general fund		(50,000)		(50,000)	(38,695)
Net cash provided by investing activities	80,000	(50,000)		30,000	(38,695)
Net increase in cash and cash equivalents	36,684	(719)	68,870	104,835	(38,695)
Cash and cash equivalents - July 1	11,114	120,272	17,681	149,067	38,695
Cash and cash equivalents - June 30	47,798	119,553	86,551	253,902	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	(171,442)	47,642	68,880	(54,920)	
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:					
Depreciation	5,605			5,605	
Food distribution program	16,868			16,868	
Change in assets and liabilities:					
(Increase) decrease in accts. receivable	172	685	(560)	297	
(Increase) decrease in inventory	942			942	
Increase in compensated absences	753			753	
Increase (decrease) in deferred revenue	(280)	954	550	1,224	
	(147,382)	49,281	68,870	(29,231)	

See accompanying notes to the basic financial statements.

EXHIBIT B-7

BOROUGH OF PITMAN SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Proprietary Funds
June 30, 2011

	Unemployment Compensation Trust Fund	Agency Funds	FY 2011
ASSETS:			
Current assets:			
Cash and cash equivalents	121,779	215,208	336,987
Total assets	121,779	215,208	336,987
LIABILITIES:			
Current liabilities:			
Payroll deductions and withholdings		1,158	1,158
Due to student groups		99,246	99,246
Interfund payables:			
General fund		114,804	114,804
Total current liabilities		215,208	215,208
NET ASSETS:			
Held in trust for scholarships	121,779		121,779

See accompanying notes to the basic financial statements.

EXHIBIT B-8

BOROUGH OF PITMAN SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Year Ended June 30, 2011

	Unemployment Compensation Trust Fund
ADDITIONS:	
Contributions:	
Plan members	22,698
Board of Education	100,000
Total contributions	122,698
Investment earnings:	
Interest	30
Total additions	30
DEDUCTIONS:	
Unemployment claims	62,064
Change in net assets	60,664
Net assets - beginning of year	61,115
Net assets - end of year	121,779

See accompanying notes to the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

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

The financial statements of the Board of Education of the Borough of Pitman School District have been prepared in conformity with accounting principles generally accepted in the United States of America (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. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (G.A.S.B.) and the pronouncements of the Financial Accounting Standards Board (F.A.S.B.) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict (G.A.S.B.) pronouncements. Although the District has the option to apply (F.A.S.B.) pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so. The more significant accounting policies established in (G.A.A.P.) and used by the District are discussed below.

A. Reporting Entity

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

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the 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. Government-wide Statements

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide Statements (Continued)

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

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

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

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

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

C. Fund Financial Statements

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

The District reports the following governmental funds:

GOVERNMENTAL FUNDS

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Financial Statements (Continued)

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

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

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

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

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

PROPRIETARY FUNDS

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Financial Statements (Continued)

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

FIDUCIARY FUNDS

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. G.A.S.B. No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

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

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

D. Basis of Accounting

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

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

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.

E. 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 and are stated at cost plus accrued interest. U.S. Treasury agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

New Jersey School Districts are limited to the types of investments and types of financial institutions they may invest in. 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.

F. Inventories

Inventories in the General Fund consist of expendable supplies held for the District's use and are carried at cost using first-in first-out method. Inventories in the Enterprise Fund are valued at cost, which approximates market, using first-in first-out method. Inventory in the Food Service Fund at June 30, 2011, consisted of the following:

Food - commodities	1,679
Food	3,221
	4,900

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Inventories (Continued)

The value of federal donated commodities are reflected in Schedule A (required by Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

G. Capital Assets

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

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

H. Revenues

Substantially all governmental fund revenue is accrued. Property taxes are susceptible to accrual and under New Jersey State statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive money under the established payment schedule and the unpaid amount is considered to be an “accounts receivable.” Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue based on G.A.S.B. No. 33. In applying G.A.S.B. No. 33 to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, are met are reported as advances by the provider and deferred revenue by the recipient.

I. Expenditures

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

J. Compensated Absences

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Compensated Absences (Continued)

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

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

K. 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.

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.

L. Accrued Salaries and Wages

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

M. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the 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. 6:23-2(g). Budget amendments/transfers of appropriations must be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances, require approval by the County Superintendent of Schools. All budget amendments presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Budgets/Budgetary Control (Continued)

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 grants 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.

N. Encumbrances

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

Open encumbrances in the Special Revenue Fund, for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year-end.

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

O. Deferred Revenue

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

P. Accrued Liabilities and Long-term Obligations

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Allocation of Indirect Expenses

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

R. Extraordinary and Special Items

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

S. Use of Estimates

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

T. Net 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.

U. Fund Balance Reserves

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Fund Balance Reserves (Continued)

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

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

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

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

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

NOTE 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is based on New Jersey statutes requiring cash to be deposited only in New Jersey banking institutions that participate in the Governmental Unit Deposit Protection Act (G.U.D.P.A.) or in qualified investments established in New Jersey Statues N.J.S.A. 18A:20-37 that are treated as cash equivalents. The carrying amount of the District's cash and cash equivalents at June 30, 2011 and 2010, was $2,206,159 and $1,440,791. As of June 30, 2011 and 2010, $0 of the District's bank balance of $2,684,499 and $2,071,758, respectively, was exposed to Custodial Credit Risk.

NOTE 3: INVESTMENTS

As of June 30, 2011 and 2010, the District did not have any investments.

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

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

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

NOTE 4: RECEIVABLES

Receivables at June 30, 2011, (see Exhibit B-1 and B-4) consisted of intergovernmental and property taxes receivable. All receivables are considered collectible in full. A summary of the principal items of the intergovernmental receivables are as follows:

	Governmental Activities	Business-Type Activities
State aid	158,846	1,027
Other	30,666	4,129
Federal aid	156,939	19,140
	346,451	24,296

NOTE 5: CAPITAL RESERVE ACCOUNT

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

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.

NOTE 5: CAPITAL RESERVE ACCOUNT (CONTINUED)

Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved L.R.F.P.

The June 30, 2011, L.R.F.P. balance of local support costs of uncompleted capital projects is $1,119,720.

Beginning balance, July 1, 2010	40,513
Interest earnings	129
Ending balance, June 30, 2011	40,642

NOTE 6: CAPITAL ASSETS

Activity for capital assets capitalized by the District group is summarized below for the fiscal year ended June 30, 2011.

	Balance July 1, 2010	Additions	Disposals/ Adjustments	Balance June 30, 2011
Governmental activities:				
Capital assets not being depreciated				
Construction in progress	1,444,168	1,818	1,445,986	
Sites (land)	101,593			101,593
Total capital assets not being depreciated	1,545,761	1,818	1,445,986	101,593
Land improvements	925,211			925,211
Building & building improvements	17,076,281	1,445,986		18,522,267
Machinery & equipment	1,307,448	39,044		1,346,492
Totals at historical cost	19,308,940	1,485,030		20,793,970
Less: accumulated depreciation				
Land improvements	(813,437)	(9,958)		(823,395)
Building & building improvements	(6,964,104)	(489,722)		(7,453,826)
Machinery & equipment	(724,273)	(68,730)		(793,003)
Total accumulated depreciation	(8,501,814)	(568,410)		(9,070,224)
Governmental activities capital assets, net	12,352,887	918,438	1,445,986	11,825,339
Business-type activities:				
Machinery & equipment	177,993			177,993
Less: accumulated depreciation	(138,288)	(5,605)		(143,893)
Business-type capital assets, net	39,705	(5,605)		34,100

NOTE 6: CAPITAL ASSETS (CONTINUED)

Depreciation was charged to the following governmental programs:

Instruction - regular	6,370
Instruction - special	1,394
Instruction - other	3,054
Support administration	19,187
Operation and maintenance	8,355
Unallocated	530,050
Total	568,410

NOTE 7: GENERAL LONG-TERM DEBT

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

Advance Refunding

On June 1, 2005, the District issued $6,185,000 Refunding Bonds payable in annual installments through April 1, 2018. Interest is paid semi-annually 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, 2011, was $4,520,000.

Other permanently funded debt

$4,229,000 School Bonds dated January 15, 2006, payable in annual installments through August 1, 2025. Interest is paid semi-annually at an interest rate from 3.65% to 4.05%. The remaining balance at June 30, 2011, was $4,209,000.

$2,095,000 School Bonds dated December 16, 2009, payable in annual installments through March 1, 2025. Interest is paid semi-annually at an interest rate from 2% to 4%. The remaining balance at June 30, 2011, was $1,995,000.

Long-term Obligation Activity

Changes in long-term obligations for the fiscal year ended June 30, 2011, are as follows:

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011	Due within one year
Compensated absences	694,927	110,508	148,722	656,713	58,944
Capital leases	142,658	42,270	107,474	77,454	48,833
Special termination benefits	207,500		103,750	103,750	103,750
Serial bonds payable	11,419,000		695,000	10,724,000	730,000
	12,464,085	152,778	1,054,946	11,561,917	941,527

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

Long-term Obligation Activity (Continued)

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 June 30	Principal	Interest	Total
2012	48,833	2,635	51,468
2013	14,085	915	15,000
2014	14,536	465	15,001
	77,454	4,015	81,469

Bonds Payable

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

Year Ended June 30	Principal	Interest	Total
2012	730,000	426,237	1,156,237
2013	770,000	399,172	1,169,172
2014	780,000	370,607	1,150,607
2015	790,000	335,192	1,125,192
2016	815,000	299,062	1,114,062
2017-2021	3,470,000	1,024,203	4,494,203
2022-2025	3,369,000	519,547	3,888,547
	10,724,000	3,374,020	14,098,020

Bonds Authorized but Not Issued

As of June 30, 2011, the Board has $0 of bonds authorized but not issued.

Deferred Bond Issuance Costs and Premiums on Bonds

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 detailed below.

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.

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.

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

DEFERRED BOND ISSUANCE COSTS

	Useful Lives	Costs	Balance 7/1/2010	Amortization Current Year	Balance 6/30/2011
Series 2005	13	88,910	34,990	6,883	41,873
Series 2006	19.6	32,586	7,488	1,664	9,152
			42,478	8,547	51,025
DEFERRED AMOUNT ON REFUNDING					
Series 2005	13	227,297	89,452	17,597	107,049
DEBT PREMIUM					
Series 2005	13	204,896	80,637	15,863	96,500

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, 2011, it is not necessary for the Board to establish a liability for arbitrage rebate.

Compensated absences are recorded as long-term liabilities due in more than one year.

NOTE 8: PENSION FUNDS

Description of Plans - All eligible employees of the District are covered by the Public Employees' Retirement System, (P.E.R.S.), or Teachers' Pension and Annuity Fund (T.P.A.F.) a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System.

NOTE 8: PENSION FUNDS (CONTINUED)

Description of Plans - (Continued) The reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625 or can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archieve.htm.

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 system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified titles.

Public Employees' Retirement System (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 for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another state-administered retirement system or other state or local jurisdiction.

Funding Policy - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, 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. P.E.R.S. provide for employee contributions of 5.5% of employees' annual compensation, as defined. T.P.A.F. provides for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in P.E.R.S. and T.P.A.F. The District's contributions to P.E.R.S. for the years ending June 30, 2011, 2010 and 2009, were $278,420, $234,720 and $161,775 respectively, equal to the required contributions for each year. The School District's contributions to T.P.A.F. for the years ending June 30, 2011, 2010 and 2009, were $782,383, $805,913 and $718,705 respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year.

The Board's total payroll for the year ended June 30, 2011, 2010 and 2009, were $14,554,925, $15,193,171 and $14,648,102, covered payroll was $10,970,414, $11,328,554 and $11,006,389 for T.P.A.F. and $2,344,493, $2,592,776 and $2,464,263 for P.E.R.S.

During the fiscal years ended June 30, 2011, 2010 and 2009, the State of New Jersey contributed $782,383, $805,913 and $718,705, respectively, to the T.P.A.F. for post-retirement medical benefits on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board $830,867, $865,546, and $838,804, during the same fiscal years for the employer's share of social security contributions for T.P.A.F. members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in G.A.S.B. 27.

NOTE 8: PENSION FUNDS (CONTINUED)

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 made contributions for the fiscal year 2011, of $2,289.

NOTE 9: 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 (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, 2010, there were 87,288 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 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 $126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

NOTE 10: LABOR CONTRACTS

As of June 30, 2011, the District's employees are organized in the Pitman Education Association collective bargaining unit which is set to expire June 30, 2011, and the Pitman Administrator' s Association collective bargaining unit which is set to expire June 30, 2012.

NOTE 11: DEFERRED COMPENSATION

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, 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

NOTE 12: COMPENSATED ABSENCES

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

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

For the District-wide *Statement of Net 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 compensated absences in the governmental fund at June 30, 2011, is $656,713. The liability for compensated absences in the food service fund at June 30, 2011, is $10,437.

NOTE 13: RISK MANAGEMENT

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

Property and Liability Insurance:
The District maintains commercial insurance coverage for property, liability, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (Exhibit J-20) of this Comprehensive Annual Financial Report. During the fiscal year ended June 30, 2010, the District did not incur claims in excess of their coverage.

The District is a member of the New Jersey School Boards Association Insurance Group – ERIC – South. The purpose of this is to permit member Boards of Education to make use of their powers and resources by cooperating on a basis that will be of mutual advantage and to provide a procedure for development, administration, and provision of Risk Management Programs, a

NOTE 13: RISK MANAGEMENT (CONTINUED)

Property and Liability Insurance: (Continued)
Joint Self Insurance Fund, Joint Insurance Purchases and related services for members and their employees for the following:

- Workers Compensation and Employers Liability
- Automobile and Equipment Liability
- General Liability and Property Damage
- School Board Legal Liability
- Boiler and Machinery

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

Fiscal Year	Interest Contributions	Employer Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2010-2011	30	100,000	22,698	62,064	121,779
2009-2010	216		32,094	52,269	61,115
2008-2009	611		32,797	21,345	81,074

NOTE 14: OPERATING LEASES

The District has commitments to lease copy machines under non-cancelable operating leases spanning 48 months. Monthly payments range from $76-$656 a month per machine. The District also has a commitment for a postage machine under non-cancelable operating leases spanning 60 months at a monthly payment of $349. Total lease payments made during the year ended June 30, 2011, amounted to $49,445. Future minimum lease payments are as follows:

Year Ended June 30	Amount
2012	48,212
2013	38,634
2014	1,034
2015	1,034
	88,914

NOTE 15: FUND BALANCE APPROPRIATED

General Fund - (Exhibit B-1) Of the $1,050,747 fund balance at June 30, 2011, $60,846 is reserved for encumbrances; $406,189 is reserved as excess surplus in accordance with N.J.S.A. 18A;7F-7; $40,642 has been reserved in the capital reserve account; $550,535 has been reserved in the maintenance reserve account; $300,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2012; and $(307,465) is unassigned.

Debt Service Fund - There was $301,129 fund balance at June 30, 2011, $99,047 has been appropriated and included as anticipated revenue for the year ending June 30, 2012.

NOTE 16: CALCULATION OF EXCESS SURPLUS

The designation of Reserve Fund Balance – Excess surplus is a required calculation pursuant N.J.S.A. 18A:7F-7, as amended. New Jersey School Districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2011, is $406,189.

NOTE 17: DEFICIT FUND BALANCES

The District has a deficit fund balance of $307,465 (Exhibit B-1) in the General Fund as of June 30, 2011, 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 last state aid payment 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 last state aid payment on the G.A.A.P. financial statements until the year the State 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.

NOTE 18: ECONOMIC DEPENDENCY

The District is heavily reliant on federal and state sources to fund the District operations. Federal and state sources funded approximately 46% of the District's 2010-2011 governmental operations.

NOTE 19: SPECIAL TERMINATION BENEFITS

The Board approved an early retirement incentive on March 29, 2010. The early retirement incentive period was from April 1, 2010, to May 7, 2010. Teachers and administrators were offered $12,500 and support staff $5,000. Fifteen teachers and four support staff members made this election.

NOTE 19: SPECIAL TERMINATION BENEFITS (CONTINUED)

The termination benefits are to be paid in next budget is $103,750. Actuarial calculations were not performed since the payout period is relatively short and the difference between the actuarial cost method and the actual payout amounts would not be significant. The special termination benefits liability has been included in the long-term debt.

NOTE 20: POST-EMPLOYMENT HEALTHCARE PLAN

Plan Description - Borough of Pitman School District, New Jersey Post-employment 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 2011, the School District contributed $119,931 to the funded plan for current premiums.

Funded Status and Funding Progress - As of June 30, 2011, 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. The initial valuation was performed for the year ended June 30, 2009. The next actuarially calculated O.P.E.B. obligation will be calculated for June 30, 2012.

NOTE 21: SUBSEQUENT EVENT

On August 17, 2011, the Board approved a three year lease for computers. The capital lease is for $105,000 at a rate of 3.25%. The lease/purchase agreement is with Colonial Bank.

NOTE 22: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remain on the balance sheet at June 30, 2011:

	Interfund	
	Receivable	Payable
General fund	114,804	
Payroll and agency		114,804
	114,804	114,804

The interfund is a result of July 1st payroll where cash was transferred in June 2011.

NOTE 23: 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.

NOTE 23: CONTINGENT LIABILITIES (CONTINUED)

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

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, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	11,403,562		11,403,562	11,403,562	
Tuition from individuals	75,000		75,000	80,282	5,282
Tuition from other LEA's within the State				54,561	54,561
Interest on investments	25,000		25,000	1,306	(23,694)
Interest on capital reserve funds	1,350		1,350	129	(1,221)
Miscellaneous	73,000		73,000	334,747	261,747
Total - local sources	11,577,912		11,577,912	11,874,587	296,675
State sources:					
Transportation aid	141,131		141,131	141,131	
Extraordinary aid				118,094	118,094
Special education aid	731,305		731,305	731,305	
Equalization aid	6,409,971		6,409,971	6,409,971	
Security aid	128,054		128,054	128,054	
Adjustment aid	1,622,185		1,622,185	1,622,185	
Teachers' pension and annuity fund non-contributory (on-behalf non-budgeted)				35,179	35,179
T.P.A.F. post-retirement medical (on-behalf non-budgeted)				747,204	747,204
Reimbursed T.P.A.F. social security contributions (non-budgeted)				830,867	830,867
Total - state sources	9,032,646		9,032,646	10,763,990	1,731,344
Federal sources:					
Medical Assistance Program				29,653	29,653
Total - federal sources				29,653	29,653
Total revenues	20,610,558		20,610,558	22,668,230	2,057,672

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Regular programs - instruction:					
Salaries of teachers:					
Preschool	115,353	(4,240)	111,113	110,358	755
Kindergarten	186,729	(5,680)	181,049	180,606	443
Grades 1-5	2,069,039	45,675	2,114,714	2,114,427	287
Grades 6-8	1,583,553	(57,947)	1,525,606	1,525,412	194
Grades 9-12	2,399,861	(54,315)	2,345,546	2,345,441	105
Regular programs - home instruction:					
Salaries of teachers	4,000	6,305	10,305	10,290	15
Purchased professional - educational services	3,000	5,675	8,675	8,670	5
Regular programs - undistributed instruction:					
Other salaries for instruction	51,121	(17,850)	33,271	32,436	835
Purchased professional - educational services	7,500	(5,740)	1,760	1,200	560
Purchased technical services	113,906	(44,700)	69,206	64,204	5,002
Other purchased services (400-500 series)	81,067	(16,500)	64,567	57,954	6,613
General supplies	288,608	(49,478)	239,130	235,651	3,479
Textbooks	30,948	(18,087)	12,861	11,527	1,334
Miscellaneous expenditures	3,550		3,550		3,550
Total regular programs	6,938,235	(216,882)	6,721,353	6,698,176	23,177
Learning and/or language disabilities:					
Salaries of teachers	118,377	(675)	117,702	117,627	75
Other salaries for instruction	42,326	(14,390)	27,936	27,173	763
Other purchased services (400-500 series)	450		450		450
General supplies	9,130		9,130	787	8,343
Textbooks	7,100		7,100		7,100
Miscellaneous expenditures	660		660		660
Total learning and/or language disabilities	178,043	(15,065)	162,978	145,587	17,391
Multiple disabilities					
Salaries of teachers	305,474	66,358	371,832	371,796	36
Other salaries for instruction	150,870	(5,470)	145,400	144,736	664
Other purchased services (400-500 series)	250		250		250
General supplies	20,530	(9,580)	10,950	3,931	7,019
Textbooks	4,800		4,800		4,800
Miscellaneous expenditures	1,000		1,000		1,000
Total multiple disabilities	482,924	51,308	534,232	520,463	13,769
Resource room:					
Salaries of teachers	1,374,636	(135,061)	1,239,575	1,239,511	64
Other salaries for instruction	207,490	47,000	254,490	253,842	648
Other purchased services (400-500 series)	1,100		1,100		1,100
General supplies	31,630	(20,820)	10,810	4,826	5,984
Textbooks	12,300	(9,800)	2,500	146	2,354
Miscellaneous expenditures	450		450		450
Total resource room	1,627,606	(118,681)	1,508,925	1,498,325	10,600

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Preschool disabilities:					
Other purchased services (400-500 series)	150		150		150
General supplies	3,550	(2,040)	1,510	652	858
Textbooks	450		450		450
Miscellaneous expenditures	210		210		210
Total preschool disabilities	4,360	(2,040)	2,320	652	1,668
Home instruction:					
Salaries of teachers	3,000	3,650	6,650	6,636	14
Purchased professional - educational services	3,000	1,238	4,238	3,212	1,026
Total home instruction	6,000	4,888	10,888	9,848	1,040
Total special education	2,298,933	(79,590)	2,219,343	2,174,875	44,468
Basic skills/remedial:					
Salaries of teachers	292,321	32,992	325,313	322,456	2,857
General supplies	3,390	(100)	3,290	598	2,692
Total basic skills/remedial	295,711	32,892	328,603	323,054	5,549
Bilingual:					
Other purchased services (400-500 series)	100		100		100
General supplies	810		810		810
Textbooks	225		225		225
Total bilingual	1,135		1,135		1,135
School sponsored co-curricular activities:					
Salaries	13,948	88,562	102,510	102,492	18
Purchased services (300-500 series)	10,700	1,300	12,000	5,217	6,783
General supplies	8,270		8,270	4,011	4,259
Miscellaneous expenditures	4,639		4,639	3,087	1,552
Total school sponsored co-curricular activities	37,557	89,862	127,419	114,807	12,612
School sponsored athletics - instruction:					
Salaries	194,578	12,600	207,178	206,366	812
Purchased services (300-500 series)	42,059	9,607	51,666	49,026	2,640
General supplies	34,575	1,936	36,511	34,353	2,158
Miscellaneous expenditures	16,774	1,232	18,006	17,384	622
Total school sponsored athletics - instruction	287,986	25,375	313,361	307,129	6,232
Total other instructional programs	622,389	148,129	770,518	744,990	25,528
Total - instruction	9,859,557	(148,343)	9,711,214	9,618,041	93,173

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed expenditures:					
Instruction:					
Tuition to LEA's within state regular		18,300	18,300	18,236	64
Tuition to LEA's within state special	59,800	(21,800)	38,000	37,990	10
Tuition county vocational school regular	76,000		76,000	70,400	5,600
Tuition to county special services district & regional day schools	563,040	52,630	615,670	615,396	274
Tuition to private schools for the handicapped-state	427,792	24,550	452,342	422,895	29,447
Total undistributed expenditures - instruction	1,126,632	73,680	1,200,312	1,164,917	35,395
Health services:					
Salaries	340,594	2,800	343,394	342,484	910
Purchased professional & technical services	18,697	(2,725)	15,972	15,200	772
Other purchased services (400-500 series)	50		50		50
Supplies and materials	7,540	75	7,615	5,947	1,668
Total health services	366,881	150	367,031	363,631	3,400
Related services:					
Salaries of teachers	326,686	(18,180)	308,506	306,006	2,500
Purchased professional educational services	35,000	16,675	51,675	47,931	3,744
General supplies	4,200		4,200	547	3,653
Total related services	365,886	(1,505)	364,381	354,484	9,897
Extraordinary services:					
Salaries	8,750	(7,700)	1,050		1,050
Purchased professional educational services	65,400	18,180	83,580	77,747	5,833
Total extraordinary services	74,150	10,480	84,630	77,747	6,883
Guidance services					
Salaries of other professional staff	576,194	(68,000)	508,194	503,271	4,923
Salaries of secretarial and clerical assistants	33,923	500	34,423	32,483	1,940
Purchased professional technical services	5,650		5,650	559	5,091
Other purchased services (400-500 series)	1,460	25	1,485	49	1,436
Supplies and materials	5,051	(25)	5,026	3,097	1,929
Other objects	3,565		3,565	585	2,980
Total guidance services	625,843	(67,500)	558,343	540,044	18,299
Child study team					
Salaries of other professional staff	264,122	66,360	330,482	330,420	62
Salaries of secretarial and clerical assistants	81,365		81,365	80,956	409
Purchased professional technical services	17,725		17,725	14,170	3,555
Other purchased services (400-500 series)	3,400		3,400	559	2,841
Supplies and materials	12,675	(1,900)	10,775	5,758	5,017
Other objects	250		250	103	147
Total child study team	379,537	64,460	443,997	431,966	12,031

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Improvement of instructional services/other support services - instructional staff:					
Salaries of supervisors of instruction	124,283	(2,300)	121,983	121,419	564
Salaries of other professional staff	119,761	(16,582)	103,179	103,179	
Salaries of secretarial and clerical assistants	37,740		37,740	32,479	5,261
Other purchased services (400-500 series)	1,800		1,800		1,800
Supplies and materials	1,000		1,000	28	972
Other objects	3,000		3,000	1,000	2,000
Total improvement of instructional services/other support services - instructional staff	287,584	(18,882)	268,702	258,105	10,597
Educational media services/school library:					
Salaries	200,916	3,316	204,232	200,165	4,067
Salaries of technology coordinator	87,597	85	87,682	87,681	1
Purchased professional educational services	2,612	(501)	2,111		2,111
Other purchased services (400-500 series)	1,125		1,125		1,125
Supplies and materials	46,763	(18,442)	28,321	8,289	20,032
Other objects	750		750		750
Total educational media services/school library	339,763	(15,542)	324,221	296,135	28,086
Instructional staff training:					
Salaries of other professional staff	6,000		6,000		6,000
Purchased professional educational services	10,000	4,216	14,216	8,916	5,300
Other purchased services (400-500 series)	15,000	(5,716)	9,284	5,207	4,077
Total instructional staff training	31,000	(1,500)	29,500	14,123	15,377
Support services general administration:					
Salaries	233,260	(2,900)	230,360	225,401	4,959
Legal services	5,000	1,200	6,200	6,135	65
Audit Fees	17,510		17,510	17,000	510
Other professional services	12,840	21,950	34,790	34,746	44
Purchased technical services	9,001	600	9,601	9,600	1
Communications/telephone	61,074	(10,105)	50,969	47,875	3,094
Other purchased services (400-500 series)	66,077	4,960	71,037	70,171	866
BOE other purchased services					
General supplies	6,000	155	6,155	4,576	1,579
BOE in-house training/meeting supplies		20	20	11	9
Miscellaneous expenditures	4,000	3,470	7,470	7,387	83
BOE Member dues/fees	11,732	(350)	11,382	10,625	757
Total support services general administration	426,494	19,000	445,494	433,527	11,967

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support services school administration					
Salaries of principals/assistant principals	638,788	61,148	699,936	699,420	516
Salaries of other professional staff	160,362	(61,148)	99,214	95,417	3,797
Salaries of secretarial and clerical assistants	307,392	(3,300)	304,092	291,752	12,340
Purchased professional educational services	3,800		3,800		3,800
Purchased professional technical services	6,425		6,425	3,856	2,569
Other purchased services (400-500 series)	11,604	(570)	11,034	3,191	7,843
Supplies and materials	24,357	1,180	25,537	14,807	10,730
Other objects	20,707		20,707	9,609	11,098
Total support services school administration	1,173,435	(2,690)	1,170,745	1,118,052	52,693
Central services:					
Salaries	243,765	6,547	250,312	236,321	13,991
Purchased technical services	32,915	2,150	35,065	34,904	161
Other purchased services (400-500 series)	4,118	(1,550)	2,568	2,259	309
Supplies and materials	6,000		6,000	4,610	1,390
Interest on lease purchase agreements	6,778		6,778	5,276	1,502
Other objects	4,050	(300)	3,750	2,503	1,247
Total central services	297,626	6,847	304,473	285,873	18,600
Required maintenance:					
Cleaning, repair and maintenance services	108,000	69,966	177,966	96,448	81,518
Total required maintenance	108,000	69,966	177,966	96,448	81,518
Custodial services					
Salaries	766,271	(6,100)	760,171	754,238	5,933
Purchased professional - technical services	11,000		11,000	4,043	6,957
Cleaning, repair and maintenance services	116,845	(58,225)	58,620	42,390	16,230
Other purchased property	5,000		5,000	3,172	1,828
Insurance	117,668	600	118,268	118,226	42
Miscellaneous purchased services	2,000	(920)	1,080	175	905
General supplies	58,000	16,345	74,345	74,321	24
Energy (heat and electricity)					
Natural Gas	133,926	(1,800)	132,126	131,443	683
Electricity	296,294	(17,200)	279,094	279,001	93
Other objects	1,000		1,000	609	391
Total custodial services	1,508,004	(67,300)	1,440,704	1,407,618	33,086
Total operation and maintenance of plant services	1,616,004	2,666	1,618,670	1,504,066	114,604
Grounds					
Salaries	79,075	3,000	82,075	76,740	5,335
Total grounds	79,075	3,000	82,075	76,740	5,335
Student transportation services:					
Contracted services (other than between home and school) - vendors	65,598	(4,700)	60,898	51,874	9,024
Contracted services (special education students) - vendors	56,650	115,100	171,750	155,309	16,441
Contracted services (special education students) joint agreements	309,470	(52,200)	257,270	256,865	405
Total student transportation services	431,718	58,200	489,918	464,048	25,870

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated benefits:					
Group insurance		250	250	243	7
Social security	227,780	20,000	247,780	247,504	276
Other retirement - regular	200,000	80,750	280,750	280,711	39
Workers' compensation	140,823	(6,440)	134,383	133,783	600
Health benefits	2,802,251	(197,792)	2,604,459	2,576,701	27,758
Tuition reimbursement	55,000	1	55,001	55,001	
Other employee benefits	8,450	183,426	191,876	189,057	2,819
Total unallocated benefits	3,434,304	80,195	3,514,499	3,483,000	31,499
Teachers' Pension and Annuity Fund non-contributory (on-behalf non-budgeted)				35,179	(35,179)
T.P.A.F. post-retirement (on-behalf non-budgeted)				747,204	(747,204)
Reimbursed T.P.A.F. social security contributions (non-budgeted)				830,867	(830,867)
Total on-behalf contributions				1,613,250	(1,613,250)
Total undistributed expenditures	11,055,932	211,059	11,266,991	12,479,708	(1,212,717)
Total expenditures - current expense	20,915,489	62,716	20,978,205	22,097,749	(1,119,544)
CAPITAL OUTLAY:					
Equipment:					
Regular programs - instruction:					
Grades 6-8	14,000		14,000	11,541	2,459
Grades 9-12		7,250	7,250	6,768	482
Total equipment	14,000	7,250	21,250	18,309	2,941
Facilities acquisition and construction services:					
Lease purchase agreements - principal	122,477		122,477	107,475	15,002
Other objects	1,799		1,799	1,799	
Total facilities acquisition and construction services	124,276		124,276	109,274	15,002
Assets acquired under capital leases (non-budgeted)					
Support services - students regular				42,270	(42,270)
Total assets acquired under capital leases (non-budgeted)				42,270	(42,270)
Total capital outlay	138,276	7,250	145,526	169,853	(24,327)
Total expenditures	21,053,765	69,966	21,123,731	22,267,602	(1,143,871)
Excess (deficiency) of revenues over (under) expenditures	(443,207)	(69,966)	(513,173)	400,628	913,801

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other financing sources (uses):					
Transfer to food service	(80,000)		(80,000)	(80,000)	
Transfer from internal service fund	38,695		38,695	38,695	
Transfer from panther club	135,000		135,000	50,000	85,000
Capital leases (non-budgeted)				42,270	(42,270)
Maintenance reserve to required maintenance		(69,966)			
Total other financing sources (uses)	93,695	(69,966)	93,695	50,965	42,730
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(349,512)		349,512	451,593	956,531
Fund balances - July 1	1,438,555		1,438,555	1,438,555	
Fund balances - June 30	1,089,042		1,788,067	1,890,148	956,531

Recapitulation:	
Restricted fund balance:	
Capital reserve	40,642
Maintenance reserve	550,535
Excess surplus - current year	406,189
Assigned fund balance:	
Year-end encumbrances	60,846
Designated for subsequent year's expenditures	300,000
Unassigned fund balance	531,936
	1,890,148
Reconciliation to Governmental Fund Statements (G.A.A.P.)	
Last State Aid Payment not recognized on G.A.A.P. Basis	(839,401)
Fund Balance per Governmental Funds (G.A.A.P.)	1,050,747

EXHIBIT C-2

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	781,107	(88,868)	692,239	641,830	50,409
Total revenues	781,107	(88,868)	692,239	641,830	50,409
EXPENDITURES:					
Instruction:					
Salaries of teachers	451,405	(285,405)	166,000	166,000	
Purchased professional technical services		19,841	19,841	13,885	5,956
Other purchased services (400-500 series)		1,200	1,200	1,200	
Tuition	326,612	60,912	387,524	387,524	
General supplies		45,983	45,983	19,827	26,156
Total instruction	778,017	(157,469)	620,548	588,436	32,112
Support services:					
Salaries of supervisors of instruction		5,500	5,500	1,200	4,300
Personal services - employee benefits		45,684	45,684	43,687	1,997
Purchased professional technical services		20,312	20,312	8,312	12,000
Other purchased services (400-500 series)	3,090	(2,895)	195	195	
Total support services	3,090	68,601	71,691	53,394	18,297
Total expenditures	781,107	(88,868)	692,239	641,830	50,409

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-3

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, 2011

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

		General Fund		Special Revenue Fund
Sources/inflows of resources:				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	[C-1]	22,668,230	[C-2]	641,830
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.		(839,401)		
State aid payment recognized for G.A.A.P. statements in the current year, previously recognized for budgetary purposes.		1,038,742		
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	[B-2]	22,867,571	[B-2]	641,830
Uses/outflows of resources:				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	[C-1]	22,267,602	[C-2]	641,830
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]	22,267,602	[B-2]	641,830

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

EXHIBIT E-1

BOROUGH OF PITMAN SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	Total Brought Forward Ex. E-1a	Title I Part A	I.D.E.A.-Part B - Basic	I.D.E.A. Preschool	Totals FY 2011	Totals FY 2010
REVENUES:						
Federal sources	161,059	93,247	372,760	14,764	641,830	783,936
Total revenues	161,059	93,247	372,760	14,764	641,830	783,936
EXPENDITURES:						
Instruction:						
Salaries of teachers	103,536	62,464			166,000	185,885
Purchased professional technical services		13,885			13,885	30,141
Purchased professional educational services						50
Other purchased services (400-500 series)		1,200			1,200	3,843
Tuition			372,760	14,764	387,524	384,249
General supplies	19,793	34			19,827	122,969
Total instruction	123,329	77,583	372,760	14,764	588,436	727,137
Support services:						
Salaries of supervisors of instruction	1,200				1,200	11,025
Personal services - employee benefits	31,195	12,492			43,687	31,663
Purchased professional - technical services	5,140	3,172			8,312	12,386
Other purchased services (400-500 series)	195				195	1,725
Total support services	37,730	15,664			53,394	56,799
Total expenditures	161,059	93,247	372,760	14,764	641,830	783,936

EXHIBIT E-1(a)
(Continued)

BOROUGH OF PITMAN SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	ARRA I.D.E.A. Preschool	ARRA I.D.E.A.-Part B - Basic	Title II, Part A Teacher & Principal Training & Recruiting	Title II, Part D Enhancing Education through Technology	Total Carried Forward
REVENUES:					
Federal sources	132	99,379	61,353	195	161,059
Total revenues	132	99,379	61,353	195	161,059
EXPENDITURES:					
Instruction:					
Salaries of teachers		56,692	46,844		103,536
General supplies	132	19,661			19,793
Total instruction	132	76,353	46,844		123,329
Support services:					
Salaries of supervisors of instruction		1,200			1,200
Personal services - employee benefits		21,826	9,369		31,195
Purchased professional - technical services			5,140		5,140
Other purchased services (400-500 series)				195	195
Total support services		23,026	14,509	195	37,730
Total expenditures	132	99,379	61,353	195	161,059

CAPITAL PROJECTS FUND

EXHIBIT F-1

BOROUGH OF PITMAN SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
June 30, 2011

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	G.A.A.P. Expenditures to Date		Unexpended Appropriations 6/30/11
			Prior Years	Current Year	
Installing Solar Panels at Pitman High School and other energy related improvements	08/19/09	2,095,000	1,444,168	1,818	649,014
		2,095,000	1,444,168	1,818	649,014

EXHIBIT F-2

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, 2011

	FY 2011
Revenues & Other Financing Sources	
Interest Earned	415
Total revenues	415
Expenditures & other financing uses	
Purchased professional & technical services	1,818
Total expenditures	1,818
Excess (deficiency) or revenues over (under) expenditures	(1,403)
Other financing sources (uses)	
Transfer to debt service fund	(415)
	(1,818)
Fund balance - beginning	650,832
Fund balance - ending	649,014

EXHIBIT F-2a

BOROUGH OF PITMAN SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Installing Solar Panels at Pitman High School and other energy related improvements
From Inception and for the Fiscal Year Ended June 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues & other financing sources				
Bond proceeds	2,095,000		2,095,000	2,095,000
Total revenues	2,095,000		2,095,000	2,095,000
Expenditures & other financing uses				
Purchased professional & technical services	128,673	1,818	130,491	500,000
Construction services	1,315,495		1,315,495	1,595,000
Total expenditures	1,444,168	1,818	1,445,986	2,095,000
Excess (deficiency) or revenues over (under) expenditures	650,832	(1,818)	649,014	
Additional project information:				
Project number	4140-080-05-1000			
Grant date				
Bond authorization date	September 19, 2009			
Bonds authorized	2,095,000			
Bonds issued	2,095,000			
Original authorized cost	2,095,000			
Additional authorized cost	None			
Revised authorized cost	2,095,000			
Percentage increase over original authorized cost	0%			
Percentage completion	99%			
Original target completion date	June 2010			
Revised target completion date	June 2010			

PROPRIETARY FUNDS

EXHIBIT G-1

BOROUGH OF PITMAN SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Net Assets
For the Fiscal Year Ended June 30, 2011

	Business-type Activities			Totals	
	Food Service Fund	Before/After School	Preschool	FY 2011	FY 2010
ASSETS:					
Current assets:					
Cash and cash equivalents	47,798	119,553	86,551	253,902	149,067
Accounts receivable:					
Federal	19,140			19,140	9,782
State	1,027			1,027	578
Other		1,429	2,700	4,129	4,426
Inventory	4,900			4,900	5,842
Total assets	72,865	120,982	89,251	283,098	169,695
NON-CURRENT ASSETS:					
Furniture, machinery & equipment	177,993			177,993	177,993
Less: accumulated depreciation	(143,893)			(143,893)	(138,289)
Total noncurrent assets	34,100			34,100	39,704
Total assets	106,965	120,982	89,251	317,198	209,399
LIABILITIES AND FUND EQUITY:					
Current liabilities:					
Deferred revenue	1,679	10,875	1,550	14,104	12,880
Compensated absences	10,437			10,437	9,683
Total current liabilities	12,116	10,875	1,550	24,541	22,563
Fund equity:					
Invested in capital assets, net of related debt	34,100			34,100	39,704
Unrestricted	60,749	110,107	87,701	258,557	147,132
Total net assets	94,849	110,107	87,701	292,657	186,836

EXHIBIT G-2

BOROUGH OF PITMAN SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2011

	Business-type Activities			Totals	
	Food Service Fund	Before/After School	Preschool	FY 2011	FY 2010
OPERATING REVENUES:					
Local sources:					
Daily sales-reimbursable programs:	158,352			158,352	152,506
Daily sales milk program	2,849			2,849	2,914
Daily sales non-reimbursable programs	110,157			110,157	115,993
Special function/miscellaneous	1,015			1,015	979
Tuition		241,369	125,843	367,212	390,485
Total operating revenue	272,373	241,369	125,843	639,585	662,877
OPERATING EXPENSES:					
Salaries	205,588	167,719	56,963	430,270	510,081
Employee benefits	13,252	13,475		26,727	68,804
Supplies and materials	11,483	10,812		22,295	26,886
Other purchased services (400-500 series)	2,458	120		2,578	7,103
Cost of sales	204,908			204,908	206,240
Equipment	258			258	570
Miscellaneous other expenses	263	1,601		1,864	3,054
Depreciation	5,605			5,605	6,405
Total operating expenses	443,815	193,727	56,963	694,505	829,143
Operating income (loss)	(171,442)	47,642	68,880	(54,920)	(166,266)
NON-OPERATING REVENUES:					
State sources:					
National school lunch program - state	4,545			4,545	5,868
School breakfast program					240
Federal sources:					
National school lunch program	104,243			104,243	96,841
School breakfast program	3,051			3,051	3,890
Special milk program	2,034			2,034	1,702
Food distribution program	16,868			16,868	22,591
Total non-operating revenues (expenses)	130,741			130,741	131,132
Income (Loss) before contributions	(40,701)	47,642	68,880	75,821	(35,134)
Transfers from general fund	80,000			80,000	85,000
Transfer to general fund		(50,000)		(50,000)	
Net income (loss)	39,299	(2,358)	68,880	105,821	49,866
Total net assets - July 1	55,550	112,465	18,821	186,836	136,970
Total net assets - June 30	94,849	110,107	87,701	292,657	186,836

EXHIBIT G-3

BOROUGH OF PITMAN SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2011

	Business-type Activities			Totals	
	Food Service Fund	Before/After School	Preschool	FY 2011	FY 2010
Cash flows from operating activities:					
Receipts from customers	272,545	243,008	125,833	641,386	657,358
Payments to suppliers	(201,840)	(12,533)		(214,373)	(225,218)
Payments to employees	(204,835)	(167,719)	(56,963)	(429,517)	(507,631)
Payments for employee benefits	(13,252)	(13,475)		(26,727)	(68,617)
Net cash provided (used) by operating activities	(147,382)	49,281	68,870	(29,231)	(144,108)
Cash flows from non-capital financing activities:					
Cash received from state & federal reimbursements	104,066			104,066	115,909
Net cash provided by non-capital financing activities	104,066			104,066	115,909
Cash flows from investing activities:					
Payments to general fund		(50,000)		(50,000)	
Payments from general fund	80,000			80,000	85,000
Net cash provided by investing activities	80,000	(50,000)		30,000	85,000
Net increase in cash and cash equivalents	36,684	(719)	68,870	104,835	56,801
Cash and cash equivalents - July 1	11,114	120,272	17,681	149,067	92,266
Cash and cash equivalents - June 30	47,798	119,553	86,551	253,902	149,067
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	(171,442)	47,642	68,880	(54,920)	(166,266)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:					
Depreciation	5,605			5,605	6,405
Food distribution program	16,868			16,868	22,591
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	172	685	(560)	297	(1,447)
(Increase) decrease in inventory	942			942	(1,796)
Increase (decrease) in accounts payable					(2,479)
Increase (decrease) in compensated absences	753			753	2,637
Increase (decrease) in deferred revenue	(280)	954	550	1,224	(3,753)
	(147,382)	49,281	68,870	(29,231)	(144,108)

EXHIBIT G-5

BOROUGH OF PITMAN SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2011

	FY 2011
Total net assets - July 1	38,695
Less: transfer to general fund	38,695

EXHIBIT G-6

BOROUGH OF PITMAN SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2011

	FY 2011
Cash and cash equivalents - July 1	38,695
Cash flows from investing activities:	
payments to general fund	38,695

FIDUCIARY FUNDS

EXHIBIT H-1

BOROUGH OF PITMAN SCHOOL DISTRICT
Combining Statement of Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2011

	Unemployment Trust Fund	Agency Funds	Totals	
			FY 2011	FY 2010
ASSETS:				
Cash and cash equivalents	121,779	215,208	336,987	216,546
Total assets	121,779	215,208	336,987	216,546
LIABILITIES:				
Payroll deductions and withholdings		1,158	1,158	62,022
Due to student groups		99,246	99,246	93,409
Interfund payables:				
General fund		114,804	114,804	
Total liabilities		215,208	215,208	155,431
NET ASSETS:				
Unreserved	121,779		121,779	61,115
Total net assets	121,779		121,779	61,115

EXHIBIT H-2

BOROUGH OF PITMAN SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2011

	Unemployment Trust Fund	Totals FY 2011	Totals FY 2010
ADDITIONS:			
Contributions:			
Plan members	22,698	22,698	32,094
Board of education	100,000	100,000	
Total contributions	122,698	122,698	32,094
Investment earnings:			
Interest	30	30	216
Total investment earnings	30	30	216
Total additions	122,728	122,728	32,310
DEDUCTIONS:			
Unemployment claims	62,064	62,064	52,269
Change in net assets	60,664	60,664	(19,959)
Net assets - beginning of year	61,115	61,115	81,074
Net assets - end of year	121,779	121,779	61,115

EXHIBIT H-3

BOROUGH OF PITMAN SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2011

	Balance July 1, 2010	Cash Receipts	Cash Disbursements	Balance June 30, 2011
Elementary:				
Kindle	3,010	16,231	13,610	5,631
Walls	3,251	14,273	15,013	2,511
Memorial	7,410	8,913	9,003	7,320
	13,671	39,417	37,626	15,462
Middle school	19,089	40,244	38,912	20,421
High school	63,368	192,561	188,644	67,285
District-wide	(2,719)	19,788	20,991	(3,922)
	93,409	292,010	286,173	99,246

EXHIBIT H-4

BOROUGH OF PITMAN SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
ASSETS:				
Cash and cash equivalents	62,022	15,524,700	15,470,760	115,962
Total assets	62,022	15,524,700	15,470,760	115,962
LIABILITIES:				
Employees' net pay		8,701,469	8,701,469	
Payroll deductions and withholdings	62,022	6,708,350	6,769,214	1,158
Interfund payable		114,881	77	114,804
Total liabilities	62,022	15,524,700	15,470,760	115,962

LONG-TERM DEBT

EXHIBIT I-1

BOROUGH OF PITMAN SCHOOL DISTRICT
General Long-Term Debt Account Group
Schedule of Serial Bonds
June 30, 2011

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2010	Issued	Retired	Balance June 30, 2011
Refunding Bonds of 2005	06/01/05	6,185,000	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%	5,105,000		585,000	4,520,000
School Bonds	01/11/06	4,229,000	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%	4,219,000		10,000	4,209,000

EXHIBIT I-1
(Continued)

BOROUGH OF PITMAN SCHOOL DISTRICT
General Long-Term Debt Account Group
Schedule of Serial Bonds
June 30, 2011

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2010	Issued	Retired	Balance June 30, 2011
School Bonds	12/16/2009	2,095,000.00	03/01/12	105,000.00	2.000%				
			03/01/13	110,000.00	2.000%				
			03/01/14	115,000.00	2.000%				
			03/01/15	120,000.00	2.000%				
			03/01/16	125,000.00	3.000%				
			03/01/17	130,000.00	3.000%				
			03/01/18	140,000.00	3.000%				
			03/01/19	145,000.00	3.000%				
			03/01/20	150,000.00	3.350%				
			03/01/21	155,000.00	3.500%				
			03/01/22	165,000.00	4.000%				
			03/01/23	170,000.00	4.000%				
			03/01/24	180,000.00	4.000%				
			03/01/25	185,000.00	4.000%	2,095,000		100,000	1,995,000
						11,419,000	None	695,000	10,724,000

EXHIBIT I-2

BOROUGH OF PITMAN SCHOOL DISTRICT
Schedule of Obligations Under Capital Leases
Debt Service Fund
For the Fiscal Year Ended June 30, 2011

Purpose	Date of Lease	Term of Lease	Amount of Original Issue Principal	Amount of Original Issue Interest	Interest Rate	Amount Outstanding June 30, 2010	Issued	Retired	Amount Outstanding June 30, 2011
Print Shop Equipment	12/01/06	3 years	100,000	2,757	4.79%	6,020		6,020	
Lighting Retrofit	10/31/08	3 years	102,616	3,670	3.65%	34,191		34,191	
2008 Computers	09/03/08	3 years	100,000	3,606	3.65%	33,319		33,319	
2009 Computers	10/01/09	3 years	105,000	4,404	3.65%	69,128		33,944	35,184
2010 Computers	08/06/10	3 years	42,270	2,730	3.15%		42,270		42,270
						142,658	42,270	107,474	77,454

EXHIBIT I-3

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local sources:					
Local tax levy	673,890		673,890	673,890	
State sources:					
Debt service aid type II	477,604		477,604	477,604	
Total revenues	1,151,494		1,151,494	1,151,494	
EXPENDITURES:					
Regular debt service:					
Interest	462,755		462,755	462,754	1
Redemption of principal	695,000		695,000	695,000	
Total regular debt service	1,157,755		1,157,755	1,157,754	1
Total expenditures	1,157,755		1,157,755	1,157,754	1
Excess (deficiency) of revenues over (under) expenditures	(6,261)		(6,261)	(6,260)	(1)
Other financing sources (uses)					
Other financing sources				298,031	(298,031)
Transfer from capital projects:					
Interest earned				415	(415)
	(6,261)		(6,261)	292,186	(298,447)
Fund balance - July 1	8,943		8,943	8,943	8,943
Fund balance - June 30	2,682		2,682	301,129	(289,504)

Recapitulation of excess of revenues over expenditures:

Budgeted fund balance	99,047

STATISTICAL SECTION
(UNAUDITED)

BOROUGH OF PITMAN SCHOOL DISTRICT
STATISTICAL SECTION

Contents Page

Financial Trends 101-106

These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.

Revenue Capacity 107-110

These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

Debt Capacity 111-114

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.

Demographic and Economic Information 115-116

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information 117-121

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.

EXHIBIT J-1

BOROUGH OF PITMAN SCHOOL DISTRICT
Net Assets By Component
Last Eight Fiscal Years
Fiscal Year Ending June 30, 2011
Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011
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	728,731	966,163
Restricted	423,136	169,792	2,507,119	1,048,991	1,483,397	1,221,806	1,570,508	2,247,509
Unrestricted	(260,409)	(692,191)	(3,483,001)	(769,877)	(989,351)	(1,323,226)	(1,374,651)	(1,007,082)
Total governmental activities net assets	742,612	648,713	996,467	1,862,558	2,206,002	1,190,995	924,588	2,206,590
Business-type activities								
Invested in capital assets, net of related debt	48,177	42,524	40,037	40,752	53,101	46,109	39,704	34,100
Unrestricted	(10,983)	(22,489)	(1,759)	84,323	67,713	90,861	147,132	258,557
Total business-type activities net assets	37,194	20,036	38,278	125,076	120,814	136,970	186,836	292,657
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	768,435	1,000,263
Restricted	423,136	169,792	2,507,119	1,048,991	1,483,397	1,221,806	1,570,508	2,247,509
Unrestricted	(271,392)	(714,680)	(3,484,760)	(685,554)	(921,638)	(1,232,365)	(1,227,519)	(748,525)
	779,806	668,749	1,034,745	1,987,634	2,326,817	1,327,965	1,111,424	2,499,247

EXHIBIT J-2

BOROUGH OF PITMAN SCHOOL DISTRICT
Changes In Net Assets
Last Eight Fiscal Years
For the Fiscal Year Ended June 30, 2011
Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011
Expenses								
Governmental activities								
Instruction								
Regular	7,062,083	7,426,387	8,597,502	8,606,958	8,501,777	7,015,470	7,171,531	6,731,858
Special education	1,684,072	1,783,782	2,359,293	2,369,447	2,717,915	2,689,344	2,980,476	2,780,416
Other special education	211,033	194,638	190,449	186,454	251,314	301,076	349,147	331,244
Other instruction	544,413	557,682	521,940	536,472	597,451	558,183	547,663	424,990
Support services								
Tuition	557,082	607,042	734,728	746,314	787,556	984,272	1,039,671	1,164,917
Student instruction and related services	2,031,632	2,198,112	2,768,856	2,652,756	2,710,522	2,437,554	2,582,864	2,351,234
General administration & central services	681,113	722,422	844,087	794,717	757,769	850,992	613,345	721,101
School administrative services	1,058,879	1,075,434	1,309,698	1,295,775	1,383,220	1,124,103	1,032,468	1,131,922
Plant operations and maintenance & grounds	1,568,675	1,568,813	1,884,107	2,101,508	2,356,830	2,083,627	1,710,533	1,581,643
Pupil transportation	297,966	279,900	316,904	308,470	299,661	384,427	424,838	464,048
Employee benefits	4,232,896	4,526,050	1,763,654	2,626,831	2,595,796	4,565,166	5,037,668	4,948,448
Interest on long-term debt	424,345	415,697	331,084	468,447	446,419	426,657	439,885	457,979
Capital outlay						203,837	105,000	27,238
Unallocated depreciation	314,303	315,109	314,209	398,195	506,410	490,540	480,815	530,301
Total governmental activities expenses	20,668,493	21,671,068	21,936,511	23,092,342	23,912,640	24,115,248	24,515,904	23,647,339
Business-type activities:								
Food service	417,070	446,461	465,595	465,551	456,014	461,529	480,534	439,623
Before/after school			85,104	132,273	250,152	252,362	227,745	193,727
Preschool			56,306	81,566	115,668	117,298	120,864	56,963
Purchased business services					12,380			
Total business-type activities expense	417,070	446,461	607,005	679,391	834,215	831,189	829,143	690,313
Total District expenses	21,085,563	22,117,528	22,543,517	23,771,733	24,746,855	24,946,437	25,345,047	24,337,652
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	783,936	641,830
Total governmental activities program revenues	1,422,410	1,533,271	1,763,654	2,626,831	2,629,296	596,663	783,936	641,830

EXHIBIT J-2
(Continued)

BOROUGH OF PITMAN SCHOOL DISTRICT
Changes In Net Assets
Last Eight Fiscal Years
For the Fiscal Year Ended June 30, 2011
Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011
Business-type activities:								
Charges for services:								
Food service	251,428	249,114	252,000	271,738	276,882	285,024	272,368	272,373
Before/after school			103,173	196,436	224,854	271,769	263,870	241,369
Preschool			59,540	93,055	115,585	115,704	126,639	125,843
Operating grants and contributions	84,531	80,188	86,534	81,278	94,895	106,386	131,132	126,549
Total business-type activities program revenues	335,959	329,302	501,247	642,507	712,216	778,883	794,009	766,134
Total District program revenue	1,758,370	1,862,573	2,264,901	3,269,338	3,341,512	1,375,546	1,577,945	1,407,964
Net (expense) revenue								
Governmental activities	(19,246,082)	(20,137,797)	(20,172,858)	(20,465,512)	(21,283,344)	(23,518,585)	(23,731,968)	(23,005,509)
Business-type activities	(81,111)	(117,159)	(105,758)	(36,883)	(121,999)	(52,306)	(35,134)	75,821
Total District-wide net expense	(19,327,193)	(20,254,956)	(20,278,616)	(20,502,395)	(21,405,343)	(23,570,891)	(23,767,102)	(22,929,688)
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	10,893,332	11,403,562
Taxes levied for debt service	507,175	504,997	499,039	473,014	395,812	392,273	422,193	673,890
Grants and contributions	10,527,537	11,069,727	10,850,158	10,678,122	10,893,729	11,558,592	12,005,361	11,505,267
Tuition received	83,263	95,690	66,160	91,133	85,599	98,909	160,171	134,843
Investment earnings	19,781	34,363	139,557	159,868	97,326	27,269	11,391	1,850
Miscellaneous income	50,879	32,844	49,702	48,149	48,558	21,057	58,113	334,747
Other financing sources								298,031
Transfers	(80,000)	(100,000)	(124,000)	(123,681)	(84,238)	(90,000)	(85,000)	(30,000)
Total governmental activities	19,646,421	20,015,886	20,513,076	21,331,603	21,660,287	22,482,458	23,465,561	24,322,190
Business-type activities								
Transfers	80,000	100,000	124,000	123,681	84,238	90,000	85,000	30,000
Total business-type activities	80,000	100,000	124,000	123,681	84,238	90,000	85,000	30,000
Total District-wide	19,726,421	20,115,886	20,637,076	21,455,284	21,744,525	22,572,458	23,550,561	24,352,190
Change in net assets								
Governmental activities	400,339	(121,911)	340,218	866,091	376,943	(1,036,127)	(266,407)	1,316,681
Business-type activities	(1,111)	(17,159)	18,242	86,797	(37,761)	37,694	49,866	105,821
Total District	399,228	(139,070)	358,460	952,888	339,182	(998,433)	(216,541)	1,422,502

EXHIBIT J-3

BOROUGH OF PITMAN SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Eight Fiscal Years
For the Fiscal Year Ended June 30, 2011
Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011
General fund								
Reserved	423,136	169,792	237,071	936,059	1,483,397	1,127,994	961,595	1,358,212
Unreserved	485,376	85,096	(53,422)	124,869	(51,354)	(439,647)	(561,782)	(307,465)
Total general fund	908,512	254,888	183,649	1,060,928	1,432,042	688,347	399,813	1,050,747
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	650,832	649,014
Debt service fund	1	4,198	83,338	126,217	52,481	6,261	8,943	301,129
Total all other governmental funds	(2,946)	1,251	2,616,940	236,201	137,085	93,812	659,775	950,143

EXHIBIT J-4

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Tax levy	7,434,066	8,461,158	9,044,961	8,883,262	9,531,498	10,478,012	10,619,313	10,866,631	11,315,525	12,077,452
Tuition charges	101,611	107,916	83,263	95,690	66,160	91,133	85,599	98,909	160,171	134,843
Interest earnings	37,021	26,489	19,781	35,141	68,737	112,793	91,921	27,269	11,391	1,850
Miscellaneous	85,967	39,538	50,879	32,065	120,522	95,224	53,963	21,057	58,113	334,747
State sources	9,962,649	10,518,078	11,293,204	11,868,276	11,937,204	12,276,179	12,945,500	11,560,887	10,499,202	11,440,935
Federal sources	673,361	588,660	656,743	734,721	676,608	1,028,773	544,025	544,413	2,290,095	671,483
Total revenue	18,294,675	19,741,839	21,148,832	21,649,155	22,400,730	24,082,114	24,340,321	23,119,166	24,334,497	24,661,310
Expenditures										
Instruction:										
Regular	6,247,106	6,267,353	6,263,283	6,617,262	6,489,529	6,564,888	6,623,399	7,007,608	6,954,855	6,698,176
Special	1,977,221	2,172,371	2,259,190	2,403,498	2,436,026	2,498,517	2,701,016	2,673,045	2,978,305	2,763,311
Other special		166,128	211,033	194,638	190,449	186,454	209,966	300,243	356,549	323,054
Other	519,297	392,681	541,248	553,115	467,047	500,900	533,613	553,615	543,964	421,936
Support Services:										
Tuition	693,362	548,618	557,082	607,042	734,728	746,314	787,556	934,652	1,039,671	1,164,917
Student & inst. related services	1,836,108	1,879,252	2,009,172	2,177,572	2,198,099	2,190,628	2,333,126	2,421,416	2,523,983	2,345,942
General administration	374,972	374,996	1,058,379	1,074,934	1,068,349	400,243	412,661	402,334	415,723	433,527
School administrative services	1,001,280	1,162,832	802,026	681,071	701,585	1,050,803	1,099,471	1,104,078	1,134,481	1,118,052
Central services						284,717	306,444	334,668	295,152	285,873
Plant operations and maintenance	1,354,375	1,484,544	1,555,104	1,558,053	1,582,542	1,779,069	2,009,566	2,083,627	1,672,971	1,504,066
Grounds									72,793	76,740
Pupil transportation	300,072	358,098	297,966	279,900	316,904	308,470	299,661	376,355	424,838	464,048
Business & other support services	280,654	310,078								
Employee benefits	2,856,565	3,480,956	4,232,896	4,526,050	5,003,638	5,437,046	5,543,213	4,563,111	5,061,205	5,139,937
Capital outlay	265,314	328,929	249,701	686,713	1,953,619	2,721,722	307,620	415,023	1,713,836	171,671
Debt service:										
Principal	490,000	515,000	540,000	565,000	664,000	450,000	475,000	430,000	580,000	695,000
Interest and other charges	480,026	453,496	425,766	396,621	285,490	470,910	441,775	418,975	403,742	462,754
Total expenditures	18,676,352	19,895,332	21,002,846	22,321,468	24,092,005	25,590,681	24,084,085	24,018,750	26,172,068	24,069,004
Excess (deficiency of revenues over (under) expenditures	(381,677)	(153,493)	145,986	(672,313)	(1,691,275)	(1,508,567)	256,235	(899,584)	(1,837,571)	592,306
Other financing sources (uses)										
Proceeds from bonds				6,185,000	4,229,000				2,095,000	
Capital leases (non-budgeted)	104,000	145,555	100,000	100,000	123,190	128,787	100,000	202,616	105,000	42,270
Other financing sources										298,031
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)	(80,000)	(67,757)	(80,000)	(100,000)	(124,000)	(123,681)	(84,238)	(90,000)	(85,000)	(80,000)
Transfers in	170									88,695
Total other financing sources (uses)	24,170	77,798	20,000	22,886	4,235,726	5,106	15,762	112,616	2,115,000	348,996
Net change in fund balance	(357,507)	(75,695)	165,986	(649,426)	2,544,450	(1,503,461)	271,997	(786,968)	277,429	941,302
Debt service as a percentage of noncapital expenditures	5.27%	4.95%	4.65%	4.44%	4.29%	4.03%	3.86%	3.60%	4.02%	4.84%

Source: District records.

EXHIBIT J-5

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

Fiscal year ended June 30	Prior year refunds	Gate Receipts	Rentals	SREC'S	Sales & Rebates	Miscellaneous	Annual Totals
2002		10,975	24,975		49,636	381	85,967
2003		16,289	21,327		1,594	327	39,537
2004		12,739	34,647		645	2,848	50,879
2005		15,422	9,825		2,579	5,018	32,844
2006		16,759	19,985		5,268	7,690	49,702
2007		17,491	3,213		1,094	26,352	48,150
2008		11,802	18,567		-	2,089	32,458
2009		15,407	3,662			1,988	21,057
2010	9,018	15,293	25,225			8,577	58,113
2011	118,236	16,056	14,389	186,066			334,747
	127,254	148,233	175,815	186,066	60,816	55,270	753,454

Source: District records.

EXHIBIT J-6

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

Fiscal year ended June 30	Vacant Land	Residential	Farm Reg.	Q Farm	Commercial	Industrial	Apartment	Total Assessed Value	** Less: Tax Exempt Prop.	Public Utility	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate
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
2010	1,867,500	328,242,800	189,700	13,000	22,736,700	22,074,500	8,165,500	383,289,700		366,154	383,655,854	749,180,506	3.049
2011	1,493,600	328,606,700	189,700	32,200	22,167,000	15,074,500	8,007,000	375,570,700		308,395	375,879,095	730,802,858	3.208

Source: County Tax Assessor

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

EXHIBIT J-7

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

	Borough of Pitman School District Direct Rate			Overlapping Rates		
Fiscal year ended June 30	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Borough of Pitman	Gloucester County	Total Direct & Overlapping Tax Rate
2002	1.976	0.141	2.117	0.743	0.685	3.545
2003	2.185	0.140	2.325	0.771	0.717	3.813
2004	2.240	0.133	2.373	0.777	0.749	3.899
2005	2.291	0.138	2.429	0.842	0.866	4.137
2006	2.490	0.138	2.628	1.014	0.907	4.549
2007	2.642	0.125	2.767	1.132	0.963	4.862
2008	2.703	0.105	2.808	1.205	1.060	5.073
2009	2.789	0.104	2.893	1.240	1.015	5.148
2010	2.935	0.114	3.049	1.274	1.075	5.398
2011	3.029	0.179	3.208	1.325	1.041	5.574

Source: Municipal Tax Collector

EXHIBIT J-8

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

	2011		2002	
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Valuation	Taxable Assessed Value	% of Total District Net Assessed Valuation
Sony Music	11,089,500	2.95%	18,000,000	4.80%
Lake Front LLC	4,986,100	1.33%	5,144,600	1.37%
Taxpayer #1	3,004,200	0.80%	3,004,200	0.80%
Taxpayer #2	1,700,200	0.45%	1,700,200	0.45%
Comet Tool Company	1,303,100	0.35%	1,303,100	0.35%
Commerce Bank			915,500	0.24%
LCR Leasing Corp.	876,000	0.23%	876,000	0.23%
Taxpayer #3	826,500	0.22%		
N.J. Bell Telephone			657,065	0.18%
Taxpayer #4	754,800	0.20%		
Pitman Garden Apts.	650,100	0.17%	650,100	0.17%
TD Bank	627,000	0.17%		
Kandle Properties Inc.			490,000	0.13%
	25,817,500	6.86%	32,740,765	8.73%

Source: Municipal Tax Assessor.

EXHIBIT J-9

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

Fiscal year ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year		Collections in Subsequent Year
		Amount	Percent of Levy	
2002	7,047,224	7,047,224	100.00%	0
2003	7,248,506	7,248,506	100.00%	0
2004	7,434,066	7,434,066	100.00%	0
2005	8,461,158	8,461,158	100.00%	0
2006	9,044,961	9,044,961	100.00%	0
2007	8,883,262	8,883,262	100.00%	0
2008	9,531,498	9,531,498	100.00%	0
2009	10,478,012	10,478,012	100.00%	0
2010	10,619,313	10,619,313	100.00%	0
2011	12,077,452	12,077,452	100.00%	0

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

EXHIBIT J-10

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

Fiscal Year Ended June 30	Governmental Activities				Business-type Activates			
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes	Capital Leases	Total District	Percentage of Personal Income	Per Capita
2002	9,184,000	-	160,887		-	9,344,887	3.34%	989
2003	8,669,000	-	207,091		-	8,876,091	3.11%	933
2004	8,129,000	-	205,506		-	8,334,506	2.86%	875
2005	7,694,000	-	141,649		-	7,835,649	2.57%	835
2006	11,259,000	-	138,671		-	11,397,671	3.60%	1,223
2007	10,809,000	-	135,116		-	10,944,116	3.26%	1,169
2008	10,334,000		125,349		-	10,459,349	3.00%	1,119
2009	9,904,000	-	182,621		-	10,086,621	2.77%	1,074
2010	11,419,000	-	142,658		-	11,561,658	*	*
2011	10,724,000	-	77,454		-	10,801,454	*	*

Source: District Records.

(*) - Not available

EXHIBIT J-11

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

Fiscal Year Ended June 30	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2002	9,184,000		9,184,000	2.45%	989
2003	8,669,000		8,669,000	2.31%	934
2004	8,129,000		8,129,000	2.16%	875
2005	7,694,000		7,694,000	2.03%	829
2006	11,259,000		11,259,000	2.96%	1,221
2007	10,809,000		10,809,000	2.84%	1,174
2008	10,334,000		10,334,000	2.70%	1,118
2009	9,904,000		9,904,000	2.59%	1,073
2010	11,419,000		11,419,000	2.98%	1,238
2011	10,724,000		10,724,000	2.86%	*

Source: District Records

(*) - Not available

EXHIBIT J-12

BOROUGH OF PITMAN SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2010
Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Borough of Pitman (1)	5,864,611	100.00%	5,864,611
County of Gloucester (2)	308,779,932	2.54%	7,842,313
Subtotal, overlapping debt			13,706,924
Borough of Pitman School District			10,724,000
Total direct and overlapping debt			24,430,924

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 2010 taxable assessed property values by the total 2010 taxable assessed property values for Gloucester County, which results in an apportionment rate of 2.54%*.

* The source for this computation was the 2010 Abstract of Ratables.

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

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

Year	Equalized Valuation Basis
2010	$741,086,040
2009	$743,626,214
2008	$757,057,426
	$2,241,769,680

Average equalized valuation of taxable property	747,256,560
Debt limit (4% of average equalized value)	29,890,262
Total net debt applicable to limit	10,724,000
Legal debt margin	19,166,262

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	15,798,883	16,376,754	17,083,022	18,406,564	20,408,350	23,243,325	26,229,636	28,626,818	29,735,955	29,890,262
Municipal borrowing capacity utilized										
Total net debt applicable to limit	9,184,000	8,669,000	8,129,000	7,694,000	11,259,000	10,809,000	10,334,000	9,904,000	11,419,000	10,724,000
Legal debt margin	6,614,883	7,707,754	8,954,022	10,712,564	9,149,350	12,434,325	15,895,636	18,722,818	18,316,955	19,166,262
Total net debt applicable to the limit as a percentage of debt limit	58.13%	52.93%	47.59%	41.80%	55.17%	46.50%	39.40%	34.60%	38.40%	35.88%

Source: Gloucester County Board of Taxation and District records.

EXHIBIT J-14

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
2002	9,285	279,441,360	30,096	4.10%
2003	9,286	285,321,636	30,726	4.30%
2004	9,290	290,934,930	31,317	3.80%
2005	9,285	305,365,080	32,888	6.00%
2006	9,219	316,884,687	34,373	4.30%
2007	9,209	335,216,809	36,401	4.60%
2008	9,244	348,997,976	37,754	7.50%
2009	9,234	363,856,536	39,404	11.00%
2010	9,223	365,147,793	39,591	11.70%
2011	n/a	n/a	n/a	*

Source: Population information provided by the N.J. 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 N.J. Dept. of Labor and Workforce Development.

EXHIBIT J-15

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

	2011			2002		
Employer	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
Pitman Board of Education	261	1	4.54%			
K-Tron America Inc.	198	2	3.45%			
Borough of Pitman	100	3	1.74%			
J.G. Cook's Bar-Grill	50	4	0.87%			
Bright Beginnings	46	5	0.80%			
Highland Chemical Engine Co.	40	6	0.70%			
Plant Service Corp.	35	7	0.61%			
	730		12.71%	N/A		N/A

Source: Gloucester County Office of Economic Development

N/A Information is not available.

EXHIBIT J-16

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

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction										
Regular	113.0	110.6	111.7	111.7	110.2	108.2	116.0	102.0	106.0	100.2
Special education	25.0	26.0	27.5	26.5	27.0	27.5	40.0	66.0	52.5	59.2
Support services:										
Student & instruction related services	16.0	16.0	23.0	18.0	24.4	26.4	29.5	45.5	31.9	34.0
School administrative services	22.7	22.7	22.8	21.9	21.4	21.4	25.0	19.0	17.0	14.5
Central services	7.0	7.0	7.0	7.0	7.0	7.0	7.0	4.0	8.5	5.7
Plants operations & maintenance	19.0	19.0	20.0	20.0	20.0	20.0	20.2	23.0	24.0	19.3
Other support services	2.0	2.0	3.0	3.0	3.0	3.0	3.7	3.0	3.0	
Food service	12.5	12.5	13.0	13.5	13.5	13.5	13.5	8.0	7.0	7.0
Total	217.2	215.8	228.0	221.6	226.5	227.0	255	271	250	239.9

Source: District Personnel Records.

EXHIBIT J-17

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				
2002	1,727	17,441,012	10,099	22.18%	134.0	13.33	11.60	10.00	1,684.5	1,600.1	-0.60%	94.99%
2003	1,726	18,597,907	10,775	6.69%	139.0	12.36	11.40	10.60	1,716.9	1,631.0	1.92%	95.00%
2004	1,668	19,787,380	11,863	10.10%	138.0	12.20	10.80	10.60	1,595.6	1,514.6	-7.07%	94.92%
2005	1,622	20,673,134	12,745	7.44%	136.6	10.40	9.20	9.70	1,547.2	1,471.8	-3.03%	95.13%
2006	1,617	21,188,896	13,104	2.81%	139.2	8.30	9.20	10.40	1,576.6	1,495.7	1.90%	94.87%
2007	1,609	21,948,049	13,641	4.10%	138.2	10.30	10.10	10.50	1,603.5	1,505.7	1.71%	93.90%
2008	1,631	22,859,691	14,016	2.75%	137.2	9.87	10.70	9.70	1,524.5	1,449.2	-4.93%	95.06%
2009	1,559	22,754,752	14,596	4.14%	135.7	9.57	9.80	9.20	1,524.5	1,449.2	0.00%	95.06%
2010	1,567	23,474,490	14,981	2.64%	164.0	10.47	10.00	9.60	1,515.9	1,434.4	-0.56%	94.62%
2011	1,567	22,739,579	14,512	-3.13%	158.5	*	*	*	1,543.2	1,456.3	1.80%	94.37%

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).

EXHIBIT J-18

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
District Building										
Elementary										
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	254	241	241	231	261	286	286	269	286	286
Kindle School - 1926										
Square feet	32,977	32,977	32,977	32,977	32,977	32,977	32,977	32,977	32,977	32,977
Capacity (students)	217	217	217	217	217	217	217	217	217	217
Enrollment	233	222	225	225	210	192	192	253	192	192
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	266	247	241	258	255	257	257	252	257	257
Middle School										
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	401	402	374	364	356	363	363	404	363	363
High School										
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	525	528	513	505	494	498	498	529	498	498

Number of Schools at June 30, 2011
Elementary = 3
Middle School = 1
Senior High School = 1

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

BOROUGH OF PITMAN SCHOOL DISTRICT
General Fund
Schedule of Required Maintenance Expenditures by School Facility
For the Fiscal Year Ended June 30, 2011

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

* School Facilities Project # (s)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
Memorial	44,496	29,129	37,222	12,422	4,884	4,550	23,981	3,107	23,453	3,412	186,656
Kindle	41,082	24,229	15,767	4,620	19,901	6,390	28,197	22,530	5,795	6,041	174,552
Walls	48,464	17,439	21,752	26,154	13,323	13,146	20,386	6,940	5,465	8,668	181,737
Middle	98,023	41,107	24,179	17,021	12,773	24,861	15,610	33,352	9,947	18,300	295,173
High School	127,338	78,200	46,158	32,431	37,073	33,519	50,552	41,894	28,999	60,027	536,191
Total School Facilities	359,403	190,104	145,078	92,648	87,954	82,466	138,726	107,823	73,659	96,448	1,374,309

* 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.

EXHIBIT J-20

BOROUGH OF PITMAN SCHOOL DISTRICT
Insurance Schedule
June 30, 2011
Unaudited

	Coverage	Deductible
School Package Policy (1)		
Property and Automobile Physical Damages	149,799,500	
Boiler and Machinery	125,000,000	1,000
Crime	299,500	
General and Automobile Liability	9,850,000	
Workers' Compensation	Statutory	
Educator's Legal Liability	10,000,000	
Pollution Legal Liability	3,000,000	25,000
Student Accident Insurance (2)		
School Time Compulsory Student Accident Coverage	1,000,000	
Blanket Athletic Coverage	5,000,000	
Disability Plan	1,000,000	
Round the Clock Voluntary Student Coverage	500,000	
Surety Bonds (3)		
Treasurer - Beth A. Walls	250,000	
Board Secretary/Business Administrator - Deborah J. Roncace	10,000	

(1) Association of School Business Officials Joint Insurance Fund
(2) Monumental Life Insurance Company
(3) Massachusetts Bay Insurance Company

Source: District records.

SINGLE AUDIT SECTION

PETRONI & ASSOCIATES LLC

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MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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Deanna L. Roller, CPA, RMA

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*

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

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, 2011, which collectively comprise the Borough of Pitman School District's basic financial statements and have issued our report thereon dated October 17, 2011. 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 and Regulatory Compliance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Borough of Pitman School District, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Borough of Pitman School District'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 an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

PETRONI & ASSOCIATES LLC

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

October 17, 2011

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY O.M.B. CIRCULAR 04-04

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

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 (O.M.B.) Circular A-133 *Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement 04-04,* that are applicable to each of its major federal and state programs for the year ended June 30, 2011. The Borough of Pitman School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. 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 District's management. Our responsibility is to express an opinion on the Borough of Pitman School District'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; O.M.B. Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations;* the audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey; and New Jersey O.M.B.'s Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, O.M.B. Circular A-133 and New Jersey O.M.B.'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 or state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Pitman School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Borough of Pitman School District's compliance with those requirements.

In our opinion, the 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 year ended June 30, 2011.

Internal Control over Compliance

Management of the Borough of Pitman School District is responsible for establishing and maintaining effective internal control over compliance with 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 District's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with O.M.B. Circular A-133, and New Jersey O.M.B.'s Circular 04-04, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

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

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

PETRONI & ASSOCIATES LLC

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

October 17, 2011

BOROUGH OF PITMAN SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2011

Federal Grantor/Pass-Through/Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2010	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of prior Years' Balances	Balance at June 30, 2011 (Accounts Receivable)	Balance at June 30, 2011 Deferred Revenue	Balance at June 30, 2011 Due to Grantor	MEMO Cumulative Total Expenditures
U.S.Department of Education															
Passed-through State Department of Education:															
General Fund:															
ARRA - SFSF- ESF (Educ. State Grants)	84.394	N/A	1,423,716	07/1/09	06/30/10	(79,095)		79,095							1,423,716
ARRA - SFSF- GSF (Government Services)	84.397	N/A	55,114	07/1/09	06/30/10	(3,062)		3,062							55,114
Eduction Jobs Fund Program	84.410	N/A	335,357	09/01/10	09/30/12										
Medical Assistance Program	93.778	N/A	29,653	07/1/10	06/30/11			13,125	(29,653)			(16,528)			27,329
Medical Assistance Program	93.778	N/A	27,329	07/1/09	06/30/10	(14,924)		14,924							27,329
Total General Fund						(97,081)		110,206	(29,653)			(16,528)			1,533,488
U.S. Department of Education															
Passed-through State Department of Education:															
Special Revenue Fund:															
Title I - Part A	84.010	NCLB414011	99,203	09/1/10	08/31/11			70,473	(93,247)			(22,774)			93,247
Title I - Part A	84.010	NCLB414010	91,064	09/1/09	08/31/10	(40,828)		40,828							91,064
Title II A, Teacher & Principal Training	84.367	NCLB414011	64,353	09/1/10	08/31/11			46,883	(61,353)			(14,470)			64,353
Title II A, Teacher & Principal Training	84.367	NCLB414010	65,566	09/1/09	08/31/10	(34,702)		34,702							65,566
Title II D, Enhancing Education through Tech.	84.318	NCLB414011	195	09/1/10	08/31/11				(195)			(195)			195
Title IV-Safe & Drug Free Schools & Communities	84.186	NCLB414010	3,192	09/1/09	08/31/10	(2,395)		2,395							3,192
I.D.E.A. Part B, Basic Regular	84.027A	IDEA414010	372,760	09/1/10	08/31/11			302,143	(372,760)			(70,617)			372,760
I.D.E.A. Part B, Basic Regular	84.027A	IDEA414010	369,971	09/1/09	08/31/10	(120,529)		120,529							369,971
I.D.E.A. Part B, Preschool	84.173	IDEA414011	14,764	09/1/10	08/31/11			14,764	(14,764)						14,764
ARRA- Title I, Part A	84.389	N/A	29,669	09/1/09	08/31/11	(4,105)		4,105							29,669
ARRA- I.D.E.A. Part B, Basic Regular	84.391	N/A	332,276	09/1/09	08/31/11	(52,819)		119,843	(99,379)			(32,355)			293,585
ARRA- Preschool	84.392	N/A	12,005	09/1/09	08/31/11			132	(132)						9,243
Total Special Revenue Fund						(255,378)		756,797	(641,830)			(140,411)			1,407,609
U.S. Department of Agriculture															
Passed-through State Department of Education:															
Enterprise Fund:															
Food Distribution Program	10.550		16,868	07/1/10	06/30/11			16,868	(15,189)				1,679		15,189
Food Distribution Program	10.550		22,591	07/1/09	06/30/10	1,959			(1,959)						22,591
School Breakfast Program	10.553		3,051	07/1/10	06/30/11			2,497	(3,051)			(554)			3,051
School Breakfast Program	10.553		3,890	07/1/09	06/30/10	(348)		348							3,890
National School Lunch Program	10.555		104,243	07/1/10	06/30/11			86,053	(104,243)			(18,190)			104,243
National School Lunch Program	10.555		96,841	07/1/09	06/30/10	(9,256)		9,256							96,841
Special Milk Program	10.556		2,034	07/1/10	06/30/11			1,638	(2,034)			(396)			2,034
Special Milk Program	10.556		1,702	07/1/09	06/30/10	(178)		178							1,702
Total Enterprise Fund						(7,823)		116,838	(126,476)			(19,140)	1,679		249,541
Total Federal Financial Awards						(360,282)		983,841	(797,959)			(176,079)	1,679		3,190,638

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, 2011

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2010 Deferred Revenue (Accounts Receivable)	Balance at June 30, 2010 Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Expenditures	Balance at June 30, 2011 (Accounts Receivable)	Balance at June 30, 2011 Deferred Revenue	Balance at June 30, 2011 Due to Grantor	MEMO Budgetary Receivable	MEMO Cumulative Total Expenditures
State Department of Education															
General Fund:															
Equalization Aid	11-495-034-5120-078	6,409,971	07/1/10	06/30/11				6,409,971	(6,409,971)					595,677	6,409,971
Transportation Aid	11-495-034-5120-014	141,131	07/1/10	06/30/11				141,131	(141,131)					13,115	141,131
Special Education Categorical Aid	11-495-034-5120-089	731,305	07/1/10	06/30/11				731,305	(731,305)					67,960	731,305
Security Aid	11-495-034-5120-084	128,054	07/1/10	06/30/11				128,054	(128,054)					11,900	128,054
Adjustment Aid	11-495-034-5120-085	1,622,185	07/1/10	06/30/11				1,622,185	(1,622,185)					150,749	1,622,185
Extraordinary Aid	11-495-034-5120-044	118,094	07/1/10	06/30/11					(118,094)		(118,094)				118,094
Extraordinary Aid	10-495-034-5120-044	64,692	07/1/09	06/30/10	(64,692)			64,692							64,692
Reimbursed T.P.A.F. Social Security Contributions	11-495-034-5095-002	830,867	07/1/10	06/30/11				830,867	(830,867)						830,867
Reimbursed T.P.A.F. Social Security Contributions	10-495-034-5095-002	865,546	07/1/09	06/30/10	(40,181)			40,181							865,546
On-Behalf T.P.A.F. Non-Contributory Insurance	11-495-034-5095-006	35,179	07/1/09	06/30/10				35,179	(35,179)						35,179
On-Behalf T.P.A.F. Post Retirement Medical	11-495-034-5095-007	747,204	07/1/09	06/30/10				747,204	(747,204)						747,204
Total General Fund					(104,873)			10,750,769	(10,763,990)		(118,094)			839,401	11,694,228
State Department of Health and Senior Services															
Special Revenue Fund:															
Southwest Council															
Reaching everyone by exposing lies	n/a	2,000	07/1/08	06/30/09	(1,000)					1,000					3,000
Total Special Revenue Fund					(1,000)					1,000					3,000
Debt Service Fund:															
Debt Service Aid Type II	11-495-034-5120-017	477,604	07/1/10	06/30/11				477,604	(477,604)						477,604
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	11-100-010-3360-067	4,545	07/1/09	06/30/10				3,518	(4,545)		(1,027)				4,545
National School Lunch Program (State Share)	10-100-010-3360-067	5,868	07/1/09	06/30/10	(557)			557							5,868
School Breakfast Program (State Share)	10-100-010-3350-023	240	07/1/09	06/30/10	(22)			22							240
Total Enterprise Fund					(579)			4,097	(4,545)		(1,027)				10,653
Total State Financial Assistance					(106,452)			11,232,470	(11,246,139)	1,000	(119,121)			839,401	12,185,485

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

EXHIBIT K-5

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO SCHEDULES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2011

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* and New Jersey Circular 04-04. 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, 2011

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the G.A.A.P. basis is ($199,341) for the General 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	29,653	10,963,331	10,992,984
Special Revenue Fund	641,830		641,830
Debt Service Fund		477,604	477,604
Food Service Fund	126,196	4,545	130,741
Total Financial Assistance	797,679	11,445,480	12,243,159

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, 2011, Borough of Pitman School District has food commodities totaling $1,679 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, 2011. 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, 2011.

EXHIBIT K-6

BOROUGH OF PITMAN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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? _____Yes ___X___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:

CFDA Numbers	Name of Federal Program or Cluster
84.027	IDEA Basic
84.173	IDEA Preschool
84.391	ARRA – IDEA Basic
84.392	ARRA – Preschool
10.553	School Breakfast Program
10.555	National School Lunch
10.556	Special Milk Program

EXHIBIT K-6
(Continued)

BOROUGH OF PITMAN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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

Auditee qualified as low-risk auditee? ___X___Yes _____No

State Awards

Dollar threshold used to distinguish between type A and type B programs: $337,384

Auditee qualified as low-risk auditee? _____Yes _____X____No

Internal control over major programs:

1. Material weakness(es) identified? _____Yes ___X_____No

2. Significant deficiencies identified that are not considered to be material weaknesses? _____Yes ___X___None reported

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

Any audit findings disclosed that are required to be reported in accordance with N.J. O.M.B. Circular Letter 04-04? _____Yes ___X_____No

Identification of major programs:

State Grant/Project Numbers	Name of State Program
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Aid
495-034-5120-085	Adjustment Aid
495-034-5120-084	Security Aid
495-034-5095-002	Social Security Tax

EXHIBIT K-6
(Continued)

BOROUGH OF PITMAN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Section II – Financial Statement Findings

No matters reported.

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

FEDERAL AWARDS

No matters reported.

STATE AWARDS

No matters reported.

EXHIBIT K-7

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, 2011

No matters reported