

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

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

For the Fiscal Year Ended June 30, 2011

Prepared by

**Upper Pittsgrove Township Board of Education
Finance Department**

**UPPER PITTSBORO TOWNSHIP
BOARD OF EDUCATION**

**COMPREHENSIVE ANNUAL
Financial Report**

of the

Upper Pittsboro Township Board of Education

Salem, New Jersey

For the Fiscal Year Ended June 30, 2011

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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INTRODUCTORY SECTION

Upper Pittsgrove School District

235 Pine Tavern Road · Monroeville · New Jersey · 08343

Phone: (856) 358-8116 · Fax: (856) 358-1024

September 29, 2011

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

Dear Board Members:

The comprehensive annual financial report of the Upper Pittsgrove Township School District (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 (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly, the financial position and results of operations of the various funds of the District. All disclosures that we feel are necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Upper Pittsgrove Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds of the District are included in this report. The Upper Pittsgrove Township Board of Education and its one school constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels Pre-K through Eighth grade. These include regular, as well as special education for handicapped students. The District completed the 2010-2011 fiscal year with an enrollment of 605 including 197 high school students, which is thirty (30) more students than the previous year's enrollment and includes 408 Pre-K through Grade 8 students. The following charts the Enrollment of the District over the last ten years:

Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment *</u>	<u>Percent Change</u>
2010-11	605	5.22%
2009-10	575	1.05%
2008-09	569	6.16%
2007-08	536	(7.43%)
2006-07	579	.35%
2005-06	577	(1.70%)
2004-05	587	(1.84%)
2003-04	598	(0.50%)
2002-03	595	1.53%
2001-02	586	0.00%

* Includes High School Students

2. ECONOMIC CONDITION AND OUTLOOK:

Business remains minimal in Upper Pittsgrove Township. It is unlikely that an influx of industry will occur in this predominantly rural agriculture community.

3. MAJOR INITIATIVES:

The Upper Pittsgrove School District continues to maintain the programmatic services of a comprehensive elementary school and middle school for our students. The district continues to seek new ways to reach 21st century learners through a wide-ranging professional development program and a variety of learning opportunities for students throughout the ability level range. The following is a sample of district initiatives:

- Envisions mathematics series implementations for grades K to 6.
- IPad integration into the classroom curriculum.
- Continuation of the Response to intervention using DIBELS assessments to provide ongoing interventions to younger students with difficulties in reading.
- Use of interactive white boards in every academic classroom.
- Replacement of lighting equipment with energy and cost saving units.
- Interactive Science series implementations for grades K to 8.
- New Spanish series for grades 5 through 8.

4. INTERNAL ACCOUNTING CONTROLS:

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

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

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

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2011.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. 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 the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. RISK MANAGEMENT:

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

9. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nightlinger, Colavita and Volpa, P. A., was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the state OMB Circular 04-04. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10. ACKNOWLEDGMENTS:

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

Respectfully submitted,

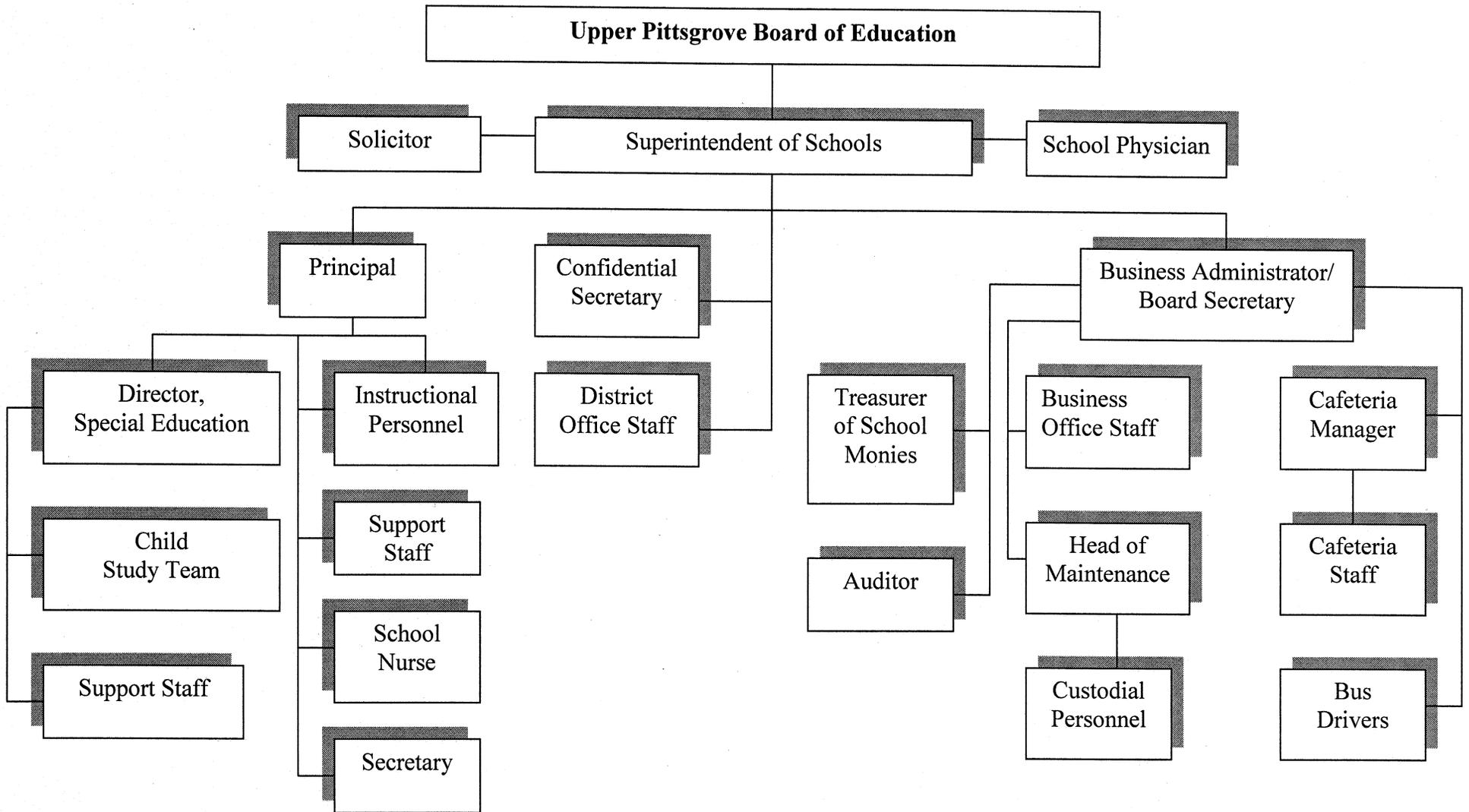


Robert J. Bazzel
Superintendent



Lisa M. DiNovi
Business Administrator/Board Secretary

UPPER PITTSBURGH SCHOOL DISTRICT ORGANIZATION CHART



UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
COUNTY OF SALEM
MONROEVILLE, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2011

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Veronica Merriel, President	2013
Jeffrey Krautwald, Vice President	2012
Polly B. Deal	2012
Robert Donahoe	2012
Dan Bellisario	2013
William Schermerhorn	2013
Terri Hatchell	2014
Nancy Merritt	2014
Brian C. Wirth	2014

OTHER OFFICIALS

Robert J. Bazzel, Superintendent

Lisa M. DiNovi, Business Administrator / Board Secretary

Donna Jones, Treasurer of School Moneys

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
COUNTY OF SALEM
MONROEVILLE, NJ

CONSULTANTS AND ADVISORS

ATTORNEY

Ms. Jane B. Capasso, Esquire
Lipman, Antonelli, Batt, Gilson, Malestein,
Rothman & Capasso
110 North Sixth Street/ P.O. Box 729
Vineland, New Jersey 08360

AUDIT FIRM

Raymond Colavita, CPA, RMA
Nightlinger, Colavita and Volpa, P. A.
Certified Public Accountants
991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

OFFICIAL DEPOSITORY

First National Bank of Elmer
10 South Main St
Elmer, New Jersey 08318

INSURANCE AGENCY

Conner Strong
PO Box 989
Marlton, New Jersey 08053

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245

September 29, 2011

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Upper Pittsgrove Township School District
County of Salem, New Jersey 08079

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Upper Pittsgrove Township School District in the County of Salem, 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 Upper Pittsgrove Township Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Upper Pittsgrove Township Board of Education, in the County of Salem, State of New Jersey, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable 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 September 29, 2011 on our consideration of the Upper Pittsgrove Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governments Auditing Standard and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 10 through 18 and 48 through 58 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. Such information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures, which consisted principally of inquiries 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 Upper Pittsgrove Township Board of Education's basic financial statements. The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedure applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



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

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Upper Pittsgrove Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(UNAUDITED)

This section of the Upper Pittsgrove Township School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2011. Comparative information between the current year (2010-11) and the prior year (2009-10) is required to be presented in the MD&A. The intent of the discussion and analysis is to look at the District's financial performance as a whole. Interested parties should review the basic financial statements and notes in concert with this document in order to enhance and clarify their understanding of the finances of the District.

Using the Comprehensive Annual Financial Report (CAFR)

The Comprehensive Annual Financial 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 and performance.
- 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*, with the focus on operations.
- The *governmental fund 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 fund statements* offer *short- and long-term* financial information about activities the District operates *like businesses*.
- *Fiduciary fund 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 various information in the statements and provide more detail. 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.

Key financial highlights for 2011 are as follows:

- Total Net Assets increased by \$479,701, attributable to various operating results and adjustments.

- General revenues accounted for \$7,172,373 in revenue or 90.6% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$740,622 or 9.4% percent of the total revenues of \$7,912,995.
- Net assets of governmental activities increased by \$456,807, comprised of changes in various assets and liabilities. The net assets of the Business-type Activities increased by \$22,894.
- The School District had \$7,433,294 in total expenses, of which only \$740,622 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily federal awards, state aid and property taxes of \$7,172,373) were adequate to provide for these programs. These revenues and expenses include the Business-type Activities.
- The General Fund had \$6,981,169 in revenues, \$6,821,925 in expenditures and a transfer to the food service fund of \$5,756. The General Fund's balance increased by \$153,488 over 2010. This increase was anticipated by the Board of Education as it constituted the use of surplus to offset expenses.

District-wide Financial Statements – Reporting the School District as a Whole

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 *position*.

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

In the Statement of Net Assets and the Statement of Activities, which represent the district-wide financial statements, the School District is divided into two distinct kinds of activities:

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major (all) funds begins on page 21. Fund financial reports provide detailed information about these major funds. The School District uses numerous funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds.

The District may implement four types 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 fund 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 fund statements explains the relationship (or differences) between them.
- *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. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- *Internal service funds:* (Also considered proprietary funds) are optional and utilized to report activities that provide supplies and services for other District programs and activities. The District currently does not have any internal service funds.
- *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, as these assets may not be used to finance the District's operations.

The School District as a Whole

Table 1 provides a comparative summary of the School District's net assets for the years ended in 2011 and 2010

Table 1
Net Assets

	<u>2011</u>	<u>2010</u>
Assets		
Current and Other Assets	\$ 703,836	\$ 512,870
Capital Assets, net	4,109,663	4,329,443
Total Assets	<u>4,813,499</u>	<u>4,842,313</u>
Liabilities		
Long-term Liabilities	1,511,247	2,033,667
Other Liabilities	122,243	108,338
Total Liabilities	<u>1,633,490</u>	<u>2,142,005</u>
Net Assets		
Invested in Capital Assets, Net of Debt	2,703,121	2,404,310
Restricted	576,300	413,308
Unrestricted	(99,412)	(117,310)
Total net assets	<u>\$ 3,180,009</u>	<u>\$ 2,700,308</u>

Table 2 shows the changes in net assets from fiscal year's 2011 and 2010

Table 2
Changes in Net Assets

	<u>2011</u>	<u>2010</u>
Revenues		
Programs revenues		
Charges for Services	\$ 133,476	\$ 102,780
Operating Grants and Contributions	607,146	653,001
General Revenues		
Property Taxes	3,882,858	3,779,300
Federal and State Aid-Not Restricted	3,171,541	3,423,393
Other	117,974	115,553
Total Revenues	<u>7,912,995</u>	<u>8,074,027</u>
Program Expenses		
Instruction	2,168,208	2,225,018
Support Services	4,806,480	4,981,891
Interest on Long-Term Debt	64,488	75,130
Other	237,131	232,571
Enterprise	156,987	156,139
Total Expenses	<u>7,433,294</u>	<u>7,670,749</u>
Increase in net assets	<u>\$ 479,701</u>	<u>\$ 403,278</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. The District's Property taxes made up 54.1% percent of these revenues for governmental activities. Unrestricted federal, state and local grants accounted for another 44.2%. The total cost of services, as shown below, was \$7,433,294. The net cost of all governmental programs and services, which excludes charges for services, operating grants and the enterprise fund was \$6,709,750. Instruction comprises 31% of these District expenses.

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

Table 3

	<u>Total Cost of Services 2011</u>	<u>Net Cost of Services 2011</u>	<u>Total Cost of Services 2010</u>	<u>Net Cost of Services 2010</u>
Instruction	\$ 2,168,208	\$ 2,069,333	\$ 2,225,018	\$ 2,068,094
Tuition	1,996,070	1,996,070	2,084,793	2,084,793
Pupil and Instructional Staff	487,681	343,966	548,251	417,261
General administration, school administration, business	463,972	463,972	484,334	484,334
Operation and maintenance of facilities	397,715	397,715	375,098	375,098
Pupil Transportation	334,941	334,941	369,543	369,543
Employee Benefits	1,126,101	802,134	1,119,872	801,614
Enterprise Fund	156,987		156,139	6,530
Interest	64,488	64,488	75,130	75,130
Other	237,131	237,131	232,571	232,571
Total Expenses	<u>\$ 7,433,294</u>	<u>\$ 6,709,750</u>	<u>\$ 7,670,749</u>	<u>\$ 6,914,968</u>

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

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development. Curriculum and staff development expenses (included in support services) are related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

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

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school and other activities, as provided by state law.

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

Business-Type Activities

Revenues for the District's business-type activities (Food Service program and School Care Program) were comprised of charges for services and federal and state reimbursements.

- Revenues exceeded expenses program by \$17,078.
- Charges for services represent \$133,476 of revenue as compared to \$102,780 in 2010. This represents amount paid by patrons for daily food services activities. There was also \$60 in other non-operating revenue from interest income.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were \$40,589 as compared to \$46,829 in 2010.

The School District's Funds

Information about the School District's major funds starts on page 21. These funds are accounted for using the modified accrual basis of accounting. The governmental funds used (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$7,738,870, expenditures of \$7,581,426 and a transfer to food service of \$5,756. The net change in fund balance for the year was \$151,688. This demonstrates that the District was able to meet current operating costs with no urgent need for additional funds.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (including the capital projects fund) for the fiscal year ended June 30, 2011, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2010</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 4,000,772	51.70%	\$ 91,808	2.78%
State Sources	3,500,909	45.24%	201,233	5.35%
Federal Sources	237,189	3.06%	(492,700)	-182.63%
Total	<u>\$ 7,738,870</u>	<u>100.00%</u>	<u>(199,659)</u>	<u>-2.72%</u>

The increase in Local sources is attributed to increases in the governmental fund local tax levy of \$103,558 and a decrease in other revenue of \$11,750. The increase in State sources is attributed to increased general state aid of \$230,136 and lower special education grants of \$1,000 and lower debt service aid of \$27,903.

The decrease in Federal sources is due to decreases in various grants. In addition, the 2011 figures do not include deferred revenue in accordance with GAAP accounting.

The following schedule presents a summary of general fund, special revenue fund, Capital Project fund and debt service fund expenditures for the fiscal year ended June 30, 2011 and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease from 2010</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 2,069,333	27.29%	\$ 1,239	0.06%
Support Services	4,660,018	61.47%	(146,845)	-2.88%
Capital Outlay	92,574	1.22%	(135,179)	-493.97%
Special Revenues	253,689	3.35%	(52,019)	-20.85%
Debt Service	505,812	6.67%	7,159	1.46%
Total	<u>\$ 7,581,426</u>	<u>100.00%</u>	<u>\$ (325,645)</u>	<u>-4.16%</u>

The increase in instructional expenditures is attributed to net increases in various salaries and other instructional expenses for regular programs.

The decrease in undistributed expenditures was due to decreases in tuition costs of \$88,723, student related costs of \$73,295, administration costs of \$20,163, transportation costs of \$34,602 and offset by increases in maintenance costs of \$22,617 and employee benefits of \$47,321.

The decrease in debt service of \$7,159 represents principal redeemed and lower interest expense.

The decrease in capital outlay is attributed to lower expenditures on equipment as compared to last year.

General Fund Budgeting Highlights

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

During the course of the fiscal year 2011, the School District amended its General Fund budget as needed. The School District uses program based budgeting. These budgeting systems are designed to tightly control total program budgets while providing flexibility for program management to address the following:

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

While the District's final general fund budget anticipated that revenues, including \$73,091 in surplus appropriated, would roughly equal expenditures, the actual results for the year show an excess of \$117,086 as shown on Exhibit C-1.

- Actual revenues were \$34,147 less than expected due to the decreased miscellaneous income, excluding on-behalf pension and social security reimbursements of \$312,868.
- Actual expenditures were \$225,356 less than expected. This also excludes state on-behalf pension and social security reimbursements of \$312,868.

Capital Assets

At the end of the fiscal year 2011, the Governmental Funds of the School District had \$4,088,381 (net of accumulated depreciation) invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal year 2011.

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

	<u>2011</u>
Land	\$ 781,429
Site Improvements	12,243
Transportation Vehicles	301,709
Building and Improvements	2,892,846
Machinery and Equipment	100,154
Totals	<u>\$ 4,088,381</u>

Overall capital assets decreased by \$223,657 from fiscal year 2010 to fiscal year 2011. There were increases of \$10,808 in capital assets by purchase or construction (primarily buildings and improvements, machinery and equipment) during the year under audit. This was offset by depreciation expense of \$234,465 for the year.

Long-Term Debt:

At June 30, 2011, the School District had \$1,511,247 of outstanding debt. Of this amount, \$104,705 is for compensated absences; \$301,542 for capital leases; and \$1,105,000 for general obligation bonds.

At June 30, 2011, the School District's overall legal debt margin was \$10,365,246 and the unvoted debt margin was \$9,260,246, or 89.3% of the total amount permitted by statute. The detail of the open debt issues is shown in Note 6 to the financial statements.

For the Future

In conclusion, the Upper Pittsgrove Township School District has committed itself to fiscal responsibility. In addition, the School District's system for financial planning, budgeting, and internal financial controls are functioning. The School District plans to continue its sound fiscal management to meet the requirements of the future while admitting that the challenge continues in finding revenues to meet expense requirements.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Lisa M. DiNovi, Business Administrator, Upper Pittsgrove Township School District, 235 Pine Tavern Road, Monroeville, NJ 08343.

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the District.

These statements include the financial activities of the overall District, except for fiduciary activities.

Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 440,672	\$ 39,662	\$ 480,334
Accounts Receivable			
State and Federal	174,934	7,078	182,012
Other	1,734	3,587	5,321
Inventory		1,628	1,628
Restricted Assets			
Capital Reserve Cash	28,097		28,097
Unamortized Bond Issue Costs	6,444		6,444
Capital Assets, Net (Note 5):	4,088,381	21,282	4,109,663
Total Assets	<u>4,740,262</u>	<u>73,237</u>	<u>4,813,499</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	68,444	22,251	90,695
Interfund Payable	3,564		3,564
Accrued Interest Payable	21,254		21,254
Deferred Revenue	6,377	353	6,730
Non-current Liabilities:			
Due within One Year	518,856		518,856
Due beyond One Year	992,391		992,391
Total Liabilities	<u>1,610,886</u>	<u>22,604</u>	<u>1,633,490</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	2,681,839	21,282	2,703,121
Restricted for:			
Capital Reserve	28,097		28,097
Other Purposes	548,203		548,203
Unrestricted	(128,763)	29,351	(99,412)
Total Net Assets	<u>\$ 3,129,376</u>	<u>\$ 50,633</u>	<u>\$ 3,180,009</u>

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 1,613,172	\$	\$ 98,875	\$ (1,514,297)	\$	\$ (1,514,297)
Special Education	411,831			(411,831)		(411,831)
Other Instruction	143,205			(143,205)		(143,205)
Support Services:						
Tuition	1,996,070			(1,996,070)		(1,996,070)
Student & Instruction Related Services	487,681		143,715	(343,966)		(343,966)
General Administrative Services	180,532			(180,532)		(180,532)
School Administrative Services	161,643			(161,643)		(161,643)
Central Services	121,797			(121,797)		(121,797)
Plant Operations & Maintenance	397,715			(397,715)		(397,715)
Student Transportation	334,941			(334,941)		(334,941)
Unallocated Employee Benefits	1,126,101		323,967	(802,134)		(802,134)
Unallocated Depreciation Expense	234,465			(234,465)		(234,465)
Interest on Long Term Debt	64,488			(64,488)		(64,488)
Amortization of Debt Issue Costs	2,666			(2,666)		(2,666)
Total Governmental Activities	7,276,307		566,557	(6,709,750)		(6,709,750)
Business-type Activities:						
Food Service	123,964	90,236	40,589		6,861	6,861
School Care	33,023	43,240			10,217	10,217
Total Business-type Activities	156,987	133,476	40,589		17,078	17,078
Total Primary Government	\$ 7,433,294	\$ 133,476	\$ 607,146	(6,709,750)	17,078	(6,692,672)
General Revenues:						
Local Tax Levy						
General Purpose				3,547,690		3,547,690
Debt Service				335,168		335,168
Unrestricted Aid Federal and State				3,171,541		3,171,541
Interest				3,090		3,090
Tuition Revenue				41,050		41,050
Transfer to Food Service Fund				(5,756)	5,756	
Transportation Revenue				32,079		32,079
Rental				32,448		32,448
Miscellaneous				9,247	60	9,307
Total General Revenues and Transfers				7,166,557	5,816	7,172,373
Change in Net Assets				456,807	22,894	479,701
Net Assets—Beginning				2,672,569	27,739	2,700,308
Net Assets—Ending				\$ 3,129,376	\$ 50,633	\$ 3,180,009

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

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

GOVERNMENTAL FUNDS

**UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>GENERAL</u> <u>FUND</u>	<u>SPECIAL</u> <u>REVENUE</u> <u>FUND</u>	<u>DEBT</u> <u>SERVICE</u> <u>FUND</u>	<u>TOTAL</u>
ASSETS				
Cash and Cash Equivalents	\$ 440,672	\$	\$	\$ 440,672
Cash Capital Reserve	28,097			28,097
Accounts Receivable				
State	13,447			13,447
Federal		161,487		161,487
Interfund	140,692			140,692
Other	1,734			1,734
Total Assets	<u>\$ 624,642</u>	<u>\$ 161,487</u>	<u>\$</u>	<u>\$ 786,129</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable	\$ 52,376	\$ 16,068	\$	\$ 68,444
Interfunds Payable	3,564	140,692		144,256
Deferred Revenue		6,377		6,377
Total Liabilities	<u>55,940</u>	<u>163,137</u>		<u>219,077</u>
Fund Balance:				
Restricted for:				
Capital Reserve	28,097			28,097
Maintenance Reserve	50,000			50,000
Excess Surplus	129,796			129,796
Excess Surplus - Designated for Subsequent Year's Expenditures	312,195			312,195
Committed to:				
Year-End Encumbrances	22,916			22,916
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	56,212			56,212
Unassigned, Reported In:				
General Fund	(30,514)			(30,514)
Special Revenue Fund		(1,650)		(1,650)
Total Fund Balance	<u>568,702</u>	<u>(1,650)</u>		<u>567,052</u>
Total Liabilities and Fund Balance	<u>\$ 624,642</u>	<u>\$ 161,487</u>	<u>\$</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$8,594,683 and the accumulated depreciation of \$4,506,302 (Note 4).	4,088,381
Other long-term assets, including inventories are not available to pay for current period expenditures and, therefore, are not reported in the funds	6,444
Long-term liabilities and accrued interest payable, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7).	(1,532,501)
Net Assets of Governmental Activities	<u>\$ 3,129,376</u>

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

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL</u>
REVENUES				
Local sources:				
Local Tax Levy	\$ 3,547,690	\$	\$ 335,168	\$ 3,882,858
Transportation	32,079			32,079
Tuition Charges from Individuals	4,778			4,778
Tuition - Preschool	28,843			28,843
Tuition - Preschool	7,429			7,429
Interest on Investments	2,865			2,865
Interest on Investments - Capital Reserve	225			225
Rental	32,448			32,448
Miscellaneous	9,247			9,247
Total Local Sources	3,665,604		335,168	4,000,772
State Sources	3,315,565	16,500	168,844	3,500,909
Federal Sources		237,189		237,189
Total Revenues	6,981,169	253,689	504,012	7,738,870
EXPENDITURES				
Regular Instruction	1,514,297	98,875		1,613,172
Special Education	411,831			411,831
Other Instruction	143,205			143,205
Support Services and Undistributed Costs:				
Tuition	1,996,070			1,996,070
Student & Instruction Related Services	343,966	143,715		487,681
General Administrative Services	185,055			185,055
School Administrative Services	161,643			161,643
Central Services	121,797			121,797
Plant Operations & Maintenance	397,715			397,715
Student Transportation	334,941			334,941
Unallocated Employee Benefits	1,118,831	11,099		1,129,930
Capital Outlay	92,574			92,574
Debt Service				
Principal			440,000	440,000
Interest			65,812	65,812
Total Expenditures	6,821,925	253,689	505,812	7,581,426
Excess (Deficiency) of Revenues Over (Under) Expenditures	159,244		(1,800)	157,444
OTHER FINANCING SOURCES (USES)				
Operating Transfer Out - Food Service Fund	(5,756)			(5,756)
Total Other Financing Sources and Uses	(5,756)			(5,756)
Net Change in Fund Balances	153,488		(1,800)	151,688
Fund Balance—July 1	415,214	(1,650)	1,800	415,364
Fund Balance—June 30	\$ 568,702	\$ (1,650)	\$ -	\$ 567,052

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

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
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) \$ 151,688

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

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

Depreciation expense	\$ (234,465)	
Capital Outlay	92,574	
	(141,891)	(141,891)

Repayment of bond principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of net assets. This is the amount of repayments reported as expenditures in government funds 440,000

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.
 Capital lease proceeds 4,523

In the statement of activities, interest on long-term debt is accrued regardless of when it is due. In the governmental funds, interest is reported when due. 1,324

Bond issued costs are expended in the governmental fund as expenditures in the year the bonds are issued. However, on the statement of activities, the costs are amortized over the life of the bonds. (2,666)

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). 3,829

Change in net assets of governmental activities (A-2) **\$ 456,807**

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

PROPRIETARY FUNDS

UPPER PITTSBURGH TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	<u>FOOD SERVICE FUND</u>	<u>SCHOOL CARE</u>	<u>TOTAL</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 20,363	\$ 19,299	\$ 39,662
Accounts Receivable			
State	291		291
Federal	6,787		6,787
Interfund	3,564	23	3,587
Inventories	1,628		1,628
Total Current Assets	<u>32,633</u>	<u>19,322</u>	<u>51,955</u>
Noncurrent Assets:			
Equipment	138,174		138,174
Less: Accumulated Depreciation	(116,892)		(116,892)
Total Noncurrent Assets	<u>21,282</u>		<u>21,282</u>
Total Assets	<u>53,915</u>	<u>19,322</u>	<u>73,237</u>
LIABILITIES:			
Current Liabilities:			
Due to Management Company	22,251		22,251
Deferred Revenue	353		353
Total Current Liabilities	<u>22,604</u>		<u>22,604</u>
NET ASSETS:			
Unrestricted	<u>31,311</u>	<u>19,322</u>	<u>50,633</u>
Total Net Assets	<u>31,311</u>	<u>19,322</u>	<u>50,633</u>
Total Liabilities and Net Assets	<u>\$ 53,915</u>	<u>\$ 19,322</u>	<u>\$ 73,237</u>

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

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	FOOD SERVICE FUND	SCHOOL CARE	TOTAL
OPERATING REVENUES			
Local Sources			
Daily Sales			
Reimbursable Programs	\$ 59,233	\$	\$ 59,233
Non-Reimbursable Programs	7,363		7,363
Special Functions	410		410
Program Fees	23,230	43,240	66,470
Total Operating Revenue:	90,236	43,240	133,476
OPERATING EXPENSES			
Labor	50,715	28,922	79,637
Depreciation	1,879		1,879
Cost of Sales	48,551		48,551
Supplies and Materials	5,333	3,664	8,997
Management Fee	8,500		8,500
Other	8,986	437	9,423
Total Operating Expenses	123,964	33,023	156,987
Operating Income (Loss)	(33,728)	10,217	(23,511)
NONOPERATING REVENUES			
State Sources			
State School Lunch Program	1,374		1,374
Federal Sources			
National School Lunch Program	35,719		35,719
Food Distribution Program	3,496		3,496
Operating Transfer In	5,756		5,756
Interest	31	29	60
Total Non-operating Revenues	46,376	29	46,405
Net Income (Loss) Before Operating Transfers	12,648	10,246	22,894
Change in Net Assets	12,648	10,246	22,894
Total Net Assets—Beginning	18,663	9,076	27,739
Total Net Assets—Ending	\$ 31,311	\$ 19,322	\$ 50,633

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

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>FOOD SERVICE FUND</u>	<u>SCHOOL CARE</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (33,728)	\$ 10,217	\$ (23,511)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities			
Food Distribution Program	3,496		3,496
Depreciation	1,879		1,879
Change in Assets and Liabilities			
(Increase) Decrease Inventory	3,920		3,920
Increase (Decrease) in Receivables	(3,750)	(13)	(3,763)
Increase (Decrease) in Deferred Revenue	(3,496)		(3,496)
Increase (Decrease) in Payables	15,907		15,907
Net Cash Provided (Used) by Operating Activities	<u>(15,772)</u>	<u>10,204</u>	<u>(5,568)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from State and Federal Reimbursements	37,093		37,093
Net Cash Provided (Used) by Noncapital Financing Activities	<u>37,093</u>		<u>37,093</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets			
Net Cash Provided (Used) by Capital and Related Financing Activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	31	29	60
Net Cash Provided (Used) by Investing Activities	<u>31</u>	<u>29</u>	<u>60</u>
Net Increase (Decrease) in Cash and Cash Equivalents	21,352	10,233	31,585
Cash and Cash Equivalents - Beginning of Year	(989)	9,066	8,077
Cash and Cash Equivalents - End of Year	<u>\$ 20,363</u>	<u>\$ 19,299</u>	<u>\$ 39,662</u>

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

FIDUCIARY FUNDS

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	<u>EXPENDABLE</u> <u>TRUST</u>	<u>AGENCY</u>		
	<u>SCHOLARSHIP</u> <u>TRUST</u>	<u>STUDENT</u> <u>ACTIVITY</u>	<u>PAYROLL</u>	<u>TOTAL</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,187	\$ 13,119	\$ 8,305	\$ 22,611
Investments	15,000	1,741		16,741
Total Assets	<u>16,187</u>	<u>14,860</u>	<u>8,305</u>	<u>39,352</u>
LIABILITIES				
Interfunds Payable			-	-
Deductions Payable			8,305	8,305
Accounts Payable		37		37
Due to Student Groups		14,823		14,823
Total Liabilities		<u>14,860</u>	<u>8,305</u>	<u>23,165</u>
NET ASSETS				
Reserved	16,187			16,187
Total Net Assets	<u>\$ 16,187</u>	<u>\$</u>	<u>\$</u>	<u>\$ 16,187</u>

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

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	SCHOLARSHIP TRUST
OPERATING REVENUES	
Local Sources	
Contributions	\$ 131
Interest on Investments	8
Total Operating Revenues	<u>139</u>
OPERATING EXPENDITURES	
Awards	<u>500</u>
Total Operating Expenditures	<u>500</u>
Change in Net Assets	(361)
Net assets—Beginning of the Year	<u>16,548</u>
Net assets—End of the Year	<u>\$ 16,187</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The District serves an area of forty square miles. It is located in Salem County and provided education for all of Upper Pittsgrove Township's grades Pre-Kindergarten through Grade 8. The year ended with an enrollment 383 students.

A. Reporting Entity:

The Upper Pittsgrove Township School District is a Type II district located in the County of Salem, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board consists of elected officials and is responsible for the fiscal control of the District.

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

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of Upper Pittsgrove Township School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB), unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement provides for the most significant change in financial reporting over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments).

In addition, the school district has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures* and GASB No. 54 *Fund Balance Reporting and Governmental Fund Type Descriptions*.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

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

A. Basis of Presentation:

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

District-wide Statements: The statement of net assets and the statements of activities display information about the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

B. Fund Accounting:

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

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

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

B. Fund Accounting (Cont'd):

GOVERNMENTAL FUND TYPE

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

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

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

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. The district currently has no capital projects and, therefore, has not included a capital projects fund.

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

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

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

B. Fund Accounting (Cont'd):

PROPRIETARY FUNDS (CONT'D)

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

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

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

Equipment	12 Years
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FIDUCIARY FUNDS

Fiduciary funds include expendable trust, nonexpendable trust and agency funds. The measurement focus of the expendable trust funds is the same as for governmental funds. The measurement focus of nonexpendable trust funds is similar to proprietary funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The District reports the following fiduciary funds:

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

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The Board approved \$500 in scholarship awards in 2010-2011.

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

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

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

FIDUCIARY FUNDS (CONT'D)

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

C. Basis of Accounting and Measurement Focus:

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

District-wide, Proprietary and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under the New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2 (m) 1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

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

A reconciliation of the special revenue funds from the budgetary basis of accounting (as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds) to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types as shown on Exhibit C-1.

E. Encumbrances Accounting:

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

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as 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.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

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

F. Assets, Liabilities and Equity:

Transactions

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

Inventories

On district-wide financial statements and in the Enterprise Fund, inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expensed when used. This includes Federal Commodity Food in the amount of \$353. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

Inventory in the Food Service Fund at June 30, 2011 consisted of the following:

Food	\$ 1,043
Supplies	<u>585</u>
	<u>\$ 1,628</u>

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

Capital Assets - The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The District does not possess any infrastructure. The capitalization threshold used by Districts in the State of New Jersey is \$2,000.

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

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

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

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

F. Assets, Liabilities and Equity (Cont'd):

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

G. Compensated Absences:

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

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

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary-related payments for the employer's share of social security and Medicare taxes, as well as pension contributions, are included.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

H. Accrued Liabilities and Long-term Obligations:

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

I. 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.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

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

J. Fund Balance Reserves:

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

K. Operating Revenues and Expenses:

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

L. 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 not 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.

M. 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.

N. Management Estimates:

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

O Deferred Revenue:

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

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

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

P. Fund Equity:

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

Q. Comparative Data/Reclassifications:

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

R. Revenues – Exchange and Non-exchange Transactions:

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

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

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

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

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

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity for any discount or premium. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 3 requires the disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

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

Investments:

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

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

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

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

As of June 30, 2011, cash and cash equivalents in the fund financial statements of the District consisted of the following:

		Cash and Cash Equivalents
Checking accounts	\$	531,042
Certificates of Deposit		16,741
Total	\$	547,783

Custodial Credit Risk

All bank deposits and investments as of the balance sheet date are entirely insured or collateralized by a pool maintained by public depositories as required by the Governmental Unit Protection Act.

Custodial Credit Risk for deposits is the risk that, in the event of a bank failure, the districts deposits may not be returned to it. Although the district does not have a formal policy regarding custodial credit risk, as described in Note 1: N.J.S.A. 17:9-41 et. Seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Protection Act. The Board of Education designates and approves a list of authorized depository institutions based on an evaluation of solicited responses and presentation of GUDPA certifications provided by the financial institutions.

As of June 30, 2011, \$595,881 of the districts bank balance of \$845,881 was uninsured, exposed to custodial credit risk and collateralized by GUDPA.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account may be established by the District for the accumulation of funds for 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 Facility Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the support costs of uncompleted projects in its approved LRFP. During the 2005-06 school year, \$24,749 was appropriated as an addition to the capital reserve account. In addition, there was \$435 in interest earnings in 2005-06, \$1,133 in 06-07, \$921 in 07-08, \$409 in 08-09, \$225 in 09-10 and \$225 in 10-11 resulting in a balance at June 30, 2010 of \$28,097.

The June 30, 2011 LRFP balance of local support costs of uncompleted capital projects at June 30, 2011 is \$476,319. There were no withdrawals from the capital reserve for use in a DOE approved facilities project during the 2010-11 School Year.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Adjust- ments	Retirements	Ending Balance
Governmental Activities					
Land- Capital Assets not depreciated	\$ 781,429				\$ 781,429
Facility and Improvements	6,743,616				6,743,616
Transportation	477,694				477,694
Machinery and equipment	581,136	10,808			591,944
Totals at Historical Cost	7,802,446	10,808			7,813,254
Less Accumulated Depreciation	(4,271,837)	(234,465)			(4,506,302)
	3,530,609	(223,657)			3,306,952
Government Activities - Capital Assets, Net	\$ 4,312,038	\$ (223,657)			\$ 4,088,381
Business-type Activities					
Equipment	\$ 132,418	\$ 5,756			\$ 138,174
Accumulated Depreciation	(115,013)	\$ (1,879)			(116,892)
Business-type activities capital assets, net	\$ 17,405	\$ 3,877			\$ 21,282

Depreciation was charged to Governmental Functions as follows:

Unallocated	\$ 234,465
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NOTE 6. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2011, the following changes occurred in long-term obligations:

	Beginning Balance	Additions	Reductions	Adjustments	Ending Balance	Amounts Due within One Year	Long Term Portion
Governmental Activities:							
Bonds payable:							
General obligation debt	\$ 1,545,000	\$ -	\$ (440,000)	\$ -	\$ 1,105,000	\$ 450,000	\$ 655,000
Total bonds payable	1,545,000		(440,000)		1,105,000	450,000	655,000
Other Liabilities:							
Obligations under							
Capital Leases	380,133		(78,591)		301,542	68,856	232,686
Compensated absences Payable	108,534		(3,829)		104,705		104,705
Total other liabilities	\$ 2,033,667	\$ -	\$ (522,420)	\$ -	\$ 1,511,247	\$ 518,856	\$ 992,391

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 6. GENERAL LONG-TERM DEBT (CONT'D)

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

Principal and interest due on bonds outstanding is as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 450,000	\$ 46,903	\$ 496,903
2013	460,000	27,560	487,560
2014	60,000	7,800	67,800
2015	65,000	5,400	70,400
2016	70,000	2,800	72,800
	<u>\$ 1,105,000</u>	<u>\$ 90,463</u>	<u>\$ 1,195,463</u>

B. Bonds Authorized But Not Issued -- As of June 30, 2011, the District had no authorized but not issued bonds.

C. Capital Leases -- The District is leasing transportation equipment under capital leases. The leases are for terms of two to five years with interest rates ranging from 4.28% to 5.50%. The following schedule details the future minimum lease payments and the net minimum lease payments at June 30, 2011.

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 68,856	\$ 8,367	\$ 77,223
2013	71,408	6,271	77,679
2014	39,036	4,157	43,193
2015	39,651	3,293	42,944
2016	41,839	2,533	44,372
2017	24,054	1,732	25,786
2018	16,698	888	17,586
	<u>\$ 301,542</u>	<u>\$ 27,241</u>	<u>\$ 328,783</u>

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 7. PENSION PLANS

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

Teachers' Pension and Annuity Fund (TPAF) - 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.

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

Significant Legislation - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997, (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets.

Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced. Chapter 415, P.L. 1999 provides for a reduction in this rate of 3% for the calendar years 2000 and 2001 and for a contribution rate reduction of up to 2% of compensation in future calendar years if the State Treasurer determines that excess valuation assets will be used to reduce the normal contributions made to the system by the State and local employers in a fiscal year beginning immediately prior to a calendar year. Where a contribution is required from the Board of Education, the board is billed annually for its normal contribution plus any accrued liability. There is no accrued liability for the Public Employees' Retirement System as of June 30, 2011, since the requirements were fully funded by the State of New Jersey.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 7. PENSION PLANS (CONT'D)

Contribution Requirements - 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. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost - of - living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Three-Year Trend Information for PERS

Year Funding	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/11	\$ 53,225	100%	\$ 53,225
6/30/10	42,568	100%	42,568
6/30/09	41,761	50%	23,189

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

Year Funding	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/11	\$ 144,765	100%	\$ 0
6/30/10	139,830	100%	0
6/30/09	130,404	100%	0

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 7. PENSION PLANS (CONT'D)

During the fiscal year ended June 30, 2011, the State of New Jersey contributed \$6,509 to the TPAF for non-contributory insurance, \$138,256 in post-retirement benefits and deferred the entire normal contribution on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$168,103 during the year ended June 30, 2011, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund schedules as a revenue and expenditure in accordance with GASB 27.

NOTE 8. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. 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 Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2010, the State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members.

NOTE 9. DEFERRED COMPENSATION

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

Lincoln Investment Planning, Inc. and Oppenheimer Funds

NOTE 10. RISK MANAGEMENT

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

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

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 10. RISK MANAGEMENT (CONT'D)

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Percentage Method". Under this plan, the District files form NJ-927 with the State of New Jersey.

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 140,692	3,564
Special Revenue Fund		\$ 140,692
Food Service Fund	3,564	
Total	<u>\$ 144,256</u>	<u>\$ 144,256</u>

NOTE 12. FUND BALANCE APPROPRIATED

General Fund - Of the \$568,702 General Fund balance at June 30, 2011, \$22,916 is reserved for encumbrances; \$28,097 has been reserved for Capital Reserve; \$50,000 has been reserved for Maintenance Reserve; \$441,991 is reserved as Excess Surplus at June 30, 2011, of which \$312,195 has been appropriated and included as anticipated revenue for the year ending June 30, 2011; \$56,212 has been appropriated and included as anticipated revenue for the year ended June 30, 2011; and (\$30,514) represents a deficit in unreserved and Undesignated fund balance.

Debt Service Fund - The Debt Service fund had fund balance at June 30, 2011 of \$0.

NOTE 13. CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance -- Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2011 to be anticipated in the 2012-13 budget is \$129,796.

NOTE 14. LITIGATION

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

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 15. DEFICIT FUND BALANCES

The District has deficit fund balances of \$30,514 in the General fund and \$1,650 in the Special Revenue Fund as of June 30, 2011, as reported in the fund statements (modified accrual basis). P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last two state aid payments in the subsequent fiscal year, the district cannot recognize those state aid payments on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the deficits do not alone indicate that the district is facing financial difficulties. There was no deficit in the General Fund. The Special Revenue Fund deficit of \$1,650 is equal to the 19th and 20th payments received in July 2010.

NOTE 16. OPERATING LEASE

The District entered into a lease agreement in the amount of \$14,006.52 for a Student Data Software Program. The terms of the lease are three years with interest at 4.5%. The following schedule details the future minimum lease payments.

2012	\$ 4,668.84
2013	778.14

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 3,547,690	\$	\$ 3,547,690	\$ 3,547,690	\$
Tuition from Individuals	9,450		9,450	4,778	(4,672)
Tuition - Preschool				28,843	28,843
Tuition from Other LEA's				7,429	7,429
Transportation	47,000		47,000	32,079	(14,921)
Interest on Investments				2,865	2,865
Interest on Capital Reserve Account	225		225	225	
Rentals	32,600		32,600	32,448	(152)
Miscellaneous				9,247	9,247
Total Local Sources	<u>3,636,965</u>	<u>-</u>	<u>3,636,965</u>	<u>3,665,604</u>	<u>28,639</u>
State Sources:					
Equalization Aid	2,025,659	441,681	2,467,340	2,467,340	
Special Education Aid	275,964		275,964	275,964	
Transportation Aid	165,837		165,837	165,837	
Security Aid	51,646		51,646	51,646	
Nonpublic Transportation Aid				5,508	5,508
On-Behalf TPAF Non-Contributory Insurance (non-budgeted)				6,509	6,509
On-Behalf TPAF Postretirement Medical Contribution (non-budgeted)				138,256	138,256
Reimbursed TPAF Social Security (non-budgeted)				168,103	168,103
Total State Sources	<u>2,519,106</u>	<u>441,681</u>	<u>2,960,787</u>	<u>3,279,163</u>	<u>318,376</u>
Federal Sources:					
ARRA - ESF	425,220	(425,220)			
ARRA - GSF	16,461	(16,461)			
	<u>441,681</u>	<u>(441,681)</u>			
TOTAL REVENUES	<u>\$ 6,597,752</u>	<u>\$ -</u>	<u>\$ 6,597,752</u>	<u>\$ 6,944,767</u>	<u>\$ 347,015</u>

UPPER PITTSBURGH TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Adjustments Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Salaries of Teachers:					
Preschool	\$ 34,034	\$ (1,825)	\$ 32,209	\$ 32,209	
Kindergarten	144,856	(600)	144,256	141,225	3,031
Grades 1-5	742,349	(17,570)	724,779	724,779	
Grades 6-8	454,268	56,899	511,167	484,549	26,618
Regular Programs - Home Instruction					
Purchased Professional/Educational Services	31,800	(31,672)	128		128
Regular Programs - Undistributed Instruction					
Purchased Technical Services	5,500	5,334	10,834	10,034	800
Other Purchased Services	26,648	5,989	32,637	32,637	
General Supplies	36,217	22,854	59,071	56,301	2,770
Textbooks	3,000	(115)	2,885	2,655	230
Total Regular Programs - Instruction	1,478,672	70,966	1,549,638	1,514,297	35,341
Special Education - Instruction					
Resource Room/Resource Center					
Salaries of Teachers	402,962	(58,970)	343,992	318,022	25,970
Other Salaries for Instruction	74,147	19,449	93,596	92,803	793
General Supplies		1,117	1,117	1,006	111
Total Learning and Language Disabilities	477,109	(38,404)	438,705	411,831	26,874
Total Special Education	477,109	(38,404)	438,705	411,831	26,874
Basic Skills/Remedial - Instruction					
Salaries of Teachers	66,234	10,584	76,818	76,778	40
Total Basic Skills/Remedial - Instruction	\$ 66,234	\$ 10,584	\$ 76,818	\$ 76,778	\$ 40

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Adjustments Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Bilingual Education - Instruction					
Salaries of Teachers	\$ 53,334	\$ (715)	\$ 52,619	\$ 50,609	\$ 2,010
Total Bilingual Education - Instruction	<u>53,334</u>	<u>(715)</u>	<u>52,619</u>	<u>50,609</u>	<u>2,010</u>
School Sponsored Co/Extra-Curricular Activities -Instruction					
Salaries	9,500	2,789	12,289	12,289	
Supplies and Materials	500	(81)	419	62	357
Other Objects		81	81	81	
Total School Sponsored Co/Extra-Curricular Activities	<u>10,000</u>	<u>2,789</u>	<u>12,789</u>	<u>12,432</u>	<u>357</u>
School Sponsored Athletic Activities					
Salaries	1,200	2,186	3,386	3,386	
Purchased Services	2,000	(2,000)			
Supplies and Materials	1,500	(1,388)	112		112
Other Objects	300		300		300
Total School Sponsored Athletic Activities	<u>5,000</u>	<u>(1,202)</u>	<u>3,798</u>	<u>3,386</u>	<u>412</u>
Total Instruction	<u>2,090,349</u>	<u>44,018</u>	<u>2,134,367</u>	<u>2,069,333</u>	<u>65,034</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State - Regular	1,680,943	54,387	1,735,330	1,735,330	
Tuition to Other LEAs Within State - Special	121,635	2,500	124,135	124,135	
Tuition to CSSD and Regional Day Schools	95,482	4,222	99,704	99,704	
Tuition to Private Schools/Disabled Within State	98,941	(61,109)	37,832	36,901	931
Total Undistributed Expenditures - Instruction	<u>1,997,001</u>		<u>1,997,001</u>	<u>1,996,070</u>	<u>931</u>
Attendance and Social Worker Services					
Salaries	11,489		11,489	11,481	8
Total Attendance and Social Worker Services	<u>11,489</u>		<u>11,489</u>	<u>11,481</u>	<u>8</u>
Health Services					
Salaries	73,434	(1,031)	72,403	71,024	1,379
Purchased Professional and Technical Services	4,500	1,324	5,824	5,824	
Supplies and Materials	800	185	985	985	
Other Objects		85	85	85	
Total Health Services	<u>\$ 78,734</u>	<u>\$ 563</u>	<u>\$ 79,297</u>	<u>\$ 77,918</u>	<u>\$ 1,379</u>

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

EXPENDITURES: (Continued)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Other Support Services Students - Related Services					
Salaries	\$ 65,434	\$ (457)	\$ 64,977	\$ 64,977	\$
Purchased Professional /Educational Services	63,000	(2,930)	60,070	29,127	30,943
Total Related Services	128,434	(3,387)	125,047	94,104	30,943
Extraordinary Services					
Salaries	46,303	(13,940)	32,363	32,105	258
Purchased Professional/Educational Services	55,000	(606)	54,394	54,382	12
Total Extraordinary Services	101,303	(14,546)	86,757	86,487	270
Other Support Services Students -Guidance					
Salaries of Other Professional Staff	55,234		55,234	51,709	3,525
Purchased Professional/Educational Services	750		750	500	250
Total Other Support Services Students - Guidance	55,984		55,984	52,209	3,775
Other Support Services Student - Child Study Team					
Salaries of Secretarial and Clerical Assistants		3,550	3,550	3,550	
Other Purchased Prof. And Tech. Services	1,000	(795)	205	192	13
Supplies and Materials	400	1,537	1,937	1,184	753
Total Other Support Services Students - Child Study Team	1,400	4,292	5,692	4,926	766
Educational Media Services/School Library					
Salaries	8,515	166	8,681	8,681	
Purchased Professional and Technical Services	750	(46)	704	279	425
Other Purchased Services	2,500	(120)	2,380	2,353	27
Total Educational Media/School Library	\$ 11,765	\$	\$ 11,765	\$ 11,313	\$ 452

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Instructional Staff Training Services					
Other Prof/Tech Services	\$	\$ 4,600	\$ 4,600	\$ 4,600	\$
Other Purchased Services	5,000	(3,077)	1,923	928	995
Total Instructional Staff Training Services	5,000	1,523	6,523	5,528	995
Support Services General Administration					
Salaries	42,640	(405)	42,235	41,094	1,141
Legal Services	10,000	(1,025)	8,975	5,352	3,623
Audit Fees	10,000	500	10,500	10,500	
Other Purchased Professional Services	81,900	8,305	90,205	86,405	3,800
Communications/Telephone	32,000		32,000	16,429	15,571
Other Purchased Services	15,702		15,702	15,211	491
General Supplies	5,000	568	5,568	5,349	219
BOE Membership Dues and Fees	6,000		6,000	4,715	1,285
Total Support Services General Administration	203,242	7,943	211,185	185,055	26,130
Support Services School Administration					
Salaries of Principals/Assistant Principals	107,670	821	108,491	106,598	1,893
Salaries of Secretarial and Clerical Assistants	43,138	(1,449)	41,689	41,689	
Other Salaries	3,000	(680)	2,320	2,183	137
Purchased Prof. And Tech. Services	7,669	1,312	8,981	8,493	488
Other Purchased Services		150	150	150	
Supplies and Materials	3,000	176	3,176	1,730	1,446
Other Objects	1,000	(80)	920	800	120
Total Support Service School Administration	165,477	250	165,727	161,643	4,084
Central Services					
Salaries					
Purchased Professional Services	104,000		104,000	104,000	
Purchased Technical Services	12,000	(50)	11,950	8,250	3,700
Supplies and Materials	3,500	186	3,686	3,281	405
Interest on Lease Purchase Agreement	6,116		6,116	6,116	
Miscellaneous Expenditures	100	50	150	150	
Total Central Services	\$ 125,716	\$ 186	\$ 125,902	\$ 121,797	\$ 4,105

UPPER PITTSBURGH TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

EXPENDITURES: (Continued)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Required Maintenance of School Facilities					
Cleaning, Repair and Maintenance Services	\$ 27,650	\$ (2,260)	\$ 25,390	\$ 23,924	\$ 1,466
General Supplies	1,500	(815)	685	685	
Other Objects		166	166	166	
Total Required Maintenance of School Facilities	29,150	(2,909)	26,241	24,775	1,466
Other Operations and Maintenance of Plant Services					
Salaries	157,154	(4,640)	152,514	151,750	764
Cleaning, Repair and Maintenance Services	25,000	11,873	36,873	35,799	1,074
Insurance	47,572	(1,853)	45,719	45,719	
General Supplies	17,000	22,258	39,258	28,512	10,746
Energy - Natural Gas	2,000	1,785	3,785	3,759	26
Energy - Electricity	112,300	(4,899)	107,401	107,401	
Total Other Operations and Maintenance of Plant Services	361,026	24,524	385,550	372,940	12,610
Student Transportation Services					
Salaries for Pupil Trans (Between Home/School) - Regular	154,981	(8,434)	146,547	123,564	22,983
Salaries for Pupil Trans (Between Home/School) - Special	23,827	1,607	25,434	21,130	4,304
Salaries for Pupil Trans (Other than Between Home/School)		6,827	6,827	2,989	3,838
Cleaning, Repair and Maintenance Services	40,000	(3,487)	36,513	30,870	5,643
Lease Purchase Payments - School Buses	12,451	212	12,663	12,663	
Contract Services (Between Home/School) - Jointure	3,500		3,500	900	2,600
Contract Services (Special Education Stds) - Joint Agrmts	27,752	(1,657)	26,095	21,393	4,702
Contract Services (Special Education Stds) - ESC's & CTSA's	30,000	(2,762)	27,238	26,742	496
Contract Services - Aid in Lieu Payments - Non Public School	31,218	(3,799)	27,419	26,535	884
Miscellaneous Purchased Services - Transportation	3,500	5,700	9,200	9,200	
Supplies and Materials	60,000	4,136	64,136	58,955	5,181
Total Student Transportation Services	\$ 387,229	\$ (1,657)	\$ 385,572	\$ 334,941	\$ 50,631

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Employee Benefits					
Social Security Contributions	\$ 61,000	\$ (6,430)	\$ 54,570	\$ 54,570	\$
Other Retirement Contributions - Regular	43,492	9,733	53,225	53,225	
Unemployment Compensation	10,000	1,056	11,056	11,056	
Workmen's Compensation	47,521	(5,781)	41,740	41,335	405
Health Benefits	655,592	(21,875)	633,717	626,248	7,469
Tuition Reimbursements	11,000	2,331	13,331	12,785	546
Other Employee Benefits		6,849	6,849	6,744	105
Total Employee Benefits	828,605	(14,117)	814,488	805,963	8,525
On-Behalf TPAF Pension Contribution (non-budgeted)				6,509	(6,509)
On-Behalf TPAF Postretirement Contribution (non-budgeted)				138,256	(138,256)
Reimbursed TPAF Social Security (non-budgeted)				168,103	(168,103)
Total On-Behalf Contributions				312,868	(312,868)
Total Undistributed Expenditures	4,491,555	2,665	4,494,220	4,660,018	(165,798)
Total Expenditures - Current Expense	6,581,904	46,683	6,628,587	6,729,351	(100,764)
Capital Outlay					
Interest Deposit to Capital Reserve	225		225		225
Equipment					
Undistributed Expenditures:					
Central Services - Equipment	4,000	(636)	3,364	3,364	
Special Schools (All Programs)		18,175	18,175	7,444	10,731
Lease Purchase Agreements - Principal	84,714	(8,350)	76,364	74,068	2,296
Total Equipment	88,939	9,189	98,128	84,876	13,252
Facilities Acquisitions and Construction Services					
Construction Services		7,698	7,698	7,698	
Total Facilities Acquisitions and Construction Services		7,698	7,698	7,698	
Assets Acquired Under Capital Leases (non - budgeted)					
Undistributed Expenditures					
Total Assets Acquired Under Capital Leases (non - budgeted)					
Total Capital Outlay	88,939	16,887	105,826	92,574	13,252
Total Expenditures	\$ 6,670,843	\$ 63,570	\$ 6,734,413	\$ 6,821,925	\$ (87,512)

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (73,091)	\$ (63,570)	\$ (136,661)	\$ 122,842	\$ 259,503
Other Financing Sources (Uses):					
Operating Transfer Out - Food Service Fund		(5,756)	(5,756)	(5,756)	
Total Other Financing Sources (Uses)		(5,756)	(5,756)	(5,756)	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(73,091)	(69,326)	(142,417)	117,086	259,503
Fund Balances, July 1	737,638		737,638	737,638	
Fund Balances, June 30	\$ 664,547	\$ (69,326)	\$ 595,221	\$ 854,724	\$ 259,503

RECAPITULATION :

Fund Balances

Restricted for:

Capital Reserve	\$ 28,097
Maintenance Reserve	50,000
Excess Surplus	129,796
Excess Surplus - Designated for Subsequent Year's Expenditures	312,195

Committed to:

Year - End Encumbrances	22,916
-------------------------	--------

Assigned Fund Balance - Designated for Subsequent Year's Expenditures

56,212

Unassigned Fund Balance

255,508

854,724

Reconciliation to Governmental Funds Statements (GAAP):

Last State Aid Payment not Recognized on GAAP Basis

(286,022)

Fund Balance per Governmental Funds (GAAP)

\$ 568,702

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES					
Federal Sources	\$ 180,531	\$ 77,510	\$ 258,041	\$ 243,566	\$ (14,475)
State Sources		16,500	16,500	16,500	
Total Revenues	<u>180,531</u>	<u>94,010</u>	<u>274,541</u>	<u>260,066</u>	<u>(14,475)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	72,813	16,538	89,351	78,183	11,168
Other Purchased Services	107,718	(99,589)	8,129	8,129	
Supplies and Materials		15,190	15,190	15,190	
Total Instruction	<u>180,531</u>	<u>(67,861)</u>	<u>112,670</u>	<u>101,502</u>	<u>11,168</u>
Support Services					
Personal Services - Employee Benefits		11,099	11,099	11,099	
Purchased Prof/Technical Services		146,228	146,228	146,228	
Other Purchased Services		4,544	4,544	1,237	3,307
Total Support Services		<u>161,871</u>	<u>161,871</u>	<u>158,564</u>	<u>3,307</u>
Facilities Acquisition and Construction Services					
Instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	<u>180,531</u>	<u>94,010</u>	<u>274,541</u>	<u>260,066</u>	<u>14,475</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
BUDGET-TO-GAAP RECONCILIATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the Budgetary Comparison Schedule	[C-1] \$	6,944,767	[C-2] \$	260,066
Difference - Budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
Encumbrances; June 30, 2010				
Encumbrances; June 30, 2011				(6,377)
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.				
State aid payment recognized for budgetary purposes, not recognized for GAAP statements				
State Aid Payment; June 30, 2010		322,424		1,650
State Aid Payment; June 30, 2011		(286,022)		(1,650)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$	6,981,169	[B-2] \$	253,689
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$	6,821,925	[C-2] \$	260,066
Differences - Budget to GAAP:				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.				
Encumbrances; June 30, 2010				-
Encumbrances; June 30, 2011				(6,377)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$	6,821,925	[B-2] \$	253,689

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)

	<u>NO CHILD LEFT BEHIND</u>			<u>I.D.E.A. PART B</u>		<u>SUBTOTAL PER E-1(2)</u>	<u>TOTAL</u>	
	<u>TITLE I PART A 2010-11</u>	<u>TITLE II PART A C/O</u>	<u>TITLE IV C/O</u>	<u>BASIC</u>	<u>PRE- SCHOOL</u>		<u>2011</u>	<u>2010</u>
REVENUES								
Federal Sources	\$ 47,721	\$ 14,311	\$ 294	\$ 124,588	\$ 4,036	\$ 52,616	\$ 243,566	\$ 286,979
State Sources						16,500	16,500	17,500
Total Revenues	<u>47,721</u>	<u>14,311</u>	<u>294</u>	<u>124,588</u>	<u>4,036</u>	<u>69,116</u>	<u>260,066</u>	<u>304,479</u>
EXPENDITURES								
Instruction								
Salaries of Teachers	36,500	11,200				30,483	78,183	125,322
Other Purchased Services				8,129			8,129	16,981
Supplies and Materials	35	155	294			14,706	15,190	13,811
Total Instruction	<u>36,535</u>	<u>11,355</u>	<u>294</u>	<u>8,129</u>		<u>45,189</u>	<u>101,502</u>	<u>156,114</u>
Support Services								
Personal Services - Employee Benefits	7,300	2,240				1,559	11,099	17,794
Purchased Professional/Technical Services	3,886	716		116,459	4,036	21,131	146,228	129,095
Other Purchased Services						1,237	1,237	1,069
Supplies and Materials								407
Total Support Services	<u>11,186</u>	<u>2,956</u>		<u>116,459</u>	<u>4,036</u>	<u>23,927</u>	<u>158,564</u>	<u>148,365</u>
Facilities Acquisition								
Instructional Equipment								
Total Facilities Acquisition								
Total Expenditures	<u>\$ 47,721</u>	<u>\$ 14,311</u>	<u>\$ 294</u>	<u>\$ 124,588</u>	<u>\$ 4,036</u>	<u>\$ 69,116</u>	<u>\$ 260,066</u>	<u>\$ 304,479</u>

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)

	<u>PRESCHOOL EDUCATION</u>	<u>REAP</u>	<u>IDEA ARRA BASIC</u>	<u>IDEA ARRA PRE-K</u>	<u>TOTAL</u>
REVENUES					
Federal Sources	\$	\$	\$	\$	\$
State Sources	16,500	9,000	39,287	4,329	52,616
Total Revenues	<u>16,500</u>	<u>9,000</u>	<u>39,287</u>	<u>4,329</u>	<u>69,116</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	16,500		13,983		30,483
Other Purchased Services					
Supplies and Materials		9,000	1,377	4,329	14,706
Total Instruction	<u>16,500</u>	<u>9,000</u>	<u>15,360</u>	<u>4,329</u>	<u>45,189</u>
Support Services					
Personal Services - Employee Benefits			1,559		1,559
Purchased Professional/Technical Services			21,131		21,131
Other Purchased Services			1,237		1,237
Supplies and Material					
Total Support Services			<u>23,927</u>		<u>23,927</u>
Facilities Acquisition					
Instructional Equipment					
Total Facilities Acquisition					
Total Expenditures	<u>\$ 16,500</u>	<u>\$ 9,000</u>	<u>\$ 39,287</u>	<u>\$ 4,329</u>	<u>\$ 69,116</u>

CAPITAL PROJECTS FUND DETAIL STATEMENT

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

District-wide Totals

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 16,500	\$ 16,500	\$ _____
Total Instruction	<u>16,500</u>	<u>16,500</u>	<u>_____</u>
Support Services:			
Total Support Services	<u>_____</u>	<u>_____</u>	<u>_____</u>
Total Expenditures	<u>\$ 16,500</u>	<u>\$ 16,500</u>	<u>\$ _____</u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2010-11 Preschool Education Aid Allocation	\$ 16,500	(1)
Add: Actual ECPA Carryover (June 30, 2010)		(2)
Add: Budgeted Transfer from the General Fund 2010-11		(3)
Total Preschool Education Aid Funds Available for 2010-11 Budget	<u>16,500</u>	(4)
Less: 2010-11 Budgeted Preschool Education Aid (including Prior year budget carryover)	<u>16,500</u>	(5)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2011	-	(6)
Add: June 30, 2011 Unexpended Preschool Education Aid	<u>-</u>	(7)
2010-11 Carryover -Preschool Education Aid/Preschool	<u>\$ -</u>	(8)
2010-11 Preschool Education Aid Carryover Budgeted for Preschool Programs 2011-12	<u>\$ _____</u>	(9)

PROPRIETARY FUND DETAIL STATEMENTS

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

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

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011 AND 2010

	<u>FOOD SERVICE FUND</u>	<u>SCHOOL CARE</u>	<u>TOTAL</u>	
			<u>2011</u>	<u>2010</u>
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 20,363	\$ 19,299	\$ 39,662	\$ 8,077
Accounts Receivable		23	23	10
State	291		291	367
Federal	6,787		6,787	6,525
Interfund	3,564		3,564	
Inventories	1,628		1,628	5,548
Total Current Assets	<u>32,633</u>	<u>19,322</u>	<u>51,955</u>	<u>20,527</u>
Fixed Assets				
Equipment	138,174		138,174	132,418
Accumulated Depreciation	(116,892)		(116,892)	(115,013)
Total Fixed Assets	<u>21,282</u>		<u>21,282</u>	<u>17,405</u>
Total Assets	<u>\$ 53,915</u>	<u>\$ 19,322</u>	<u>\$ 73,237</u>	<u>\$ 37,932</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	\$	\$	\$	\$
Due to Management Company	22,251		22,251	6,344
Deferred Revenue	353		353	3,849
Total Liabilities	<u>22,604</u>		<u>22,604</u>	<u>10,193</u>
NET ASSETS				
Unrestricted	<u>31,311</u>	<u>19,322</u>	<u>50,633</u>	<u>27,739</u>
Total Net Assets	<u>31,311</u>	<u>19,322</u>	<u>50,633</u>	<u>27,739</u>
Total Liabilities and Fund Equity	<u>\$ 53,915</u>	<u>\$ 19,322</u>	<u>\$ 73,237</u>	<u>\$ 37,932</u>

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

	FOOD SERVICE FUND	SCHOOL CARE	TOTAL	
			2011	2010
OPERATING REVENUES				
Local Sources				
Daily Sales				
Reimbursable Programs	\$ 59,233	\$	\$ 59,233	\$ 61,254
Non-Reimbursable Programs	7,363		7,363	8,152
Special Functions	410		410	360
Program Fees	23,230	43,240	66,470	33,014
Total Operating Revenue	90,236	43,240	133,476	102,780
OPERATING EXPENSES				
Labor	50,715	28,922	79,637	76,995
Depreciation	1,879		1,879	4,973
Cost of Sales	48,551		48,551	48,797
Supplies and Materials	5,333	3,664	8,997	9,477
Management Fee	8,500		8,500	8,500
Other	8,986	437	9,423	7,397
Total Operating Expenses	123,964	33,023	156,987	156,139
Operating Income (Loss)	(33,728)	10,217	(23,511)	(53,359)
NON-OPERATING REVENUES				
State Sources				
State School Lunch Program	1,374		1,374	1,940
Federal Sources				
National School Lunch Program	35,719		35,719	34,465
Food Distribution Program	3,496		3,496	10,402
Operating Transfer from General Fund	5,756		5,756	
Interest	31	29	60	44
Total Non-Operating Revenues	46,376	29	46,405	46,851
Net Income (Loss) Before Operating Transfers	12,648	10,246	22,894	(6,508)
Prior Year Revenue Adjustment				(4,512)
Net (Loss) Income	12,648	10,246	22,894	(11,020)
Net Assets - July 1	18,663	9,076	27,739	38,759
Net Assets - June 30	\$ 31,311	\$ 19,322	\$ 50,633	\$ 27,739

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2011 AND 2010

	<u>FOOD SERVICE FUND</u>	<u>SCHOOL CARE</u>	<u>TOTAL</u>	
			<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities				
Operating Income (Loss)	\$ (33,728)	\$ 10,217	\$ (23,511)	\$ (53,359)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities				
Food Distribution Program	3,496		3,496	10,402
Depreciation	1,879		1,879	4,973
Change in Assets and Liabilities				
(Increase) Decrease in Inventory	3,920		3,920	244
(Increase) Decrease in Accounts Receivable	(3,750)	(13)	(3,763)	4,611
Increase (Decrease) in Deferred Revenue	(3,496)		(3,496)	(154)
Increase (Decrease) in Payables	15,907		15,907	(322)
Net Cash Provided (Used) by Operating Activities	(15,772)	10,204	(5,568)	(33,605)
Cash Flows from Noncapital Financing Activities				
Cash Received from State and Federal Reimbursements	37,093		37,093	36,405
Operating Transfer from General Fund	5,756		5,756	
Prior Year Revenue Adjustment				(4,512)
Net Cash Provided (Used) by Noncapital Financing Activities	42,849		42,849	31,893
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(5,756)		(5,756)	
Net Cash Provided (Used) by Capital and Related Financing Activities	(5,756)		(5,756)	
Cash Flows from Investing Activities				
Interest on Investments	31	29	60	44
Net Cash Provided (Used) by Investing Activities	31	29	60	44
Net Increase (Decrease) in Cash and Cash Equivalents	21,352	10,233	31,585	(1,668)
Cash and Cash Equivalents - July 1	(989)	9,066	8,077	9,745
Cash and Cash Equivalents - June 30	\$ 20,363	\$ 19,299	\$ 39,662	\$ 8,077

FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

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

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

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)**

	<u>AGENCY</u>			<u>TOTAL</u>	
	<u>SCHOLARSHIP TRUST</u>	<u>STUDENT ACTIVITY</u>	<u>PAYROLL</u>	<u>2011</u>	<u>2010</u>
ASSETS					
Cash and Cash Equivalents	\$ 1,187	\$ 13,119	\$ 8,305	\$ 22,611	\$ 20,816
Investments	15,000	1,741		16,741	16,708
Due from General Fund					260
Total Assets	16,187	14,860	8,305	39,352	37,784
LIABILITIES					
Due to General Fund					2,841
Deductions Payable			8,305	8,305	4,055
Accounts Payable		37		37	
Due to Student Groups		14,823		14,823	14,340
Total Liabilities		14,860	8,305	23,165	21,236
NET ASSETS					
Reserved	16,187			16,187	16,548
Total Net Assets	\$ 16,187	\$ -	\$ -	\$ 16,187	\$ 16,548

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SCHOLARSHIP TRUST
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

OPERATING REVENUES

Local Sources	
Contributions	\$ 131
Interest on Investments	8
	<hr/>
Total Operating Revenue	139
	<hr/>

OPERATING EXPENDITURES

Awards	500
	<hr/>
Total Operating Expenditures	500
	<hr/>
Change in Net Assets	(361)
Net Assets - July 1, 2010	16,548
	<hr/>
Net Assets - June 30, 2011	\$ 16,187
	<hr/> <hr/>

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Accounts</u> <u>Payable</u>	<u>Balance</u> <u>June 30, 2011</u>
ASSETS					
Cash and Cash Equivalents	\$ 12,372	\$ 37,934	\$ 37,187	\$	\$ 13,119
Certificates of Deposit	1,708	33			1,741
Due from General Fund	260		260		
Total Assets	<u>\$ 14,340</u>	<u>\$ 37,967</u>	<u>\$ 37,447</u>	<u>\$</u>	<u>\$ 14,860</u>
LIABILITIES					
Accounts Payable	\$	\$	\$	\$ 37	\$ 37
Due to Student Groups	14,340	37,967	37,447	(37)	14,823
Total Liabilities	<u>\$ 14,340</u>	<u>\$ 37,967</u>	<u>\$ 37,447</u>	<u>\$</u>	<u>\$ 14,860</u>

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
ASSETS				
Cash and Cash Equivalents	\$ 6,896	\$ 3,077,617	\$ 3,076,208	\$ 8,305
Total Assets	<u>\$ 6,896</u>	<u>\$ 3,077,617</u>	<u>\$ 3,076,208</u>	<u>\$ 8,305</u>
LIABILITIES				
Interfunds Payable	\$ 2,841	\$	\$ 2,841	\$
Net Payroll				
Payroll Deductions and Withholdings	<u>4,055</u>	<u>3,077,617</u>	<u>3,073,367</u>	<u>8,305</u>
Total Liabilities	<u>\$ 6,896</u>	<u>\$ 3,077,617</u>	<u>\$ 3,076,208</u>	<u>\$ 8,305</u>

LONG-TERM DEBT SCHEDULES

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
LONG TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE June 30, 2010</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE June 30, 2011</u>	
Refunding School Bonds	11/25/98	\$ 3,945,000	1/1/12	\$ 395,000	4.34%	\$ 1,180,000	\$	\$ 385,000	\$ 795,000	
			1/1/13	400,000						
Various Repairs and Renovations	3/1/04	\$ 625,000	3/1/12	\$ 55,000	4.00%	365,000		55,000	310,000	
			3/1/2013-14	60,000						
			3/1/15	65,000						
			3/1/16	70,000						
						<u>\$ 1,545,000</u>	<u>\$</u>	<u>\$ 440,000</u>	<u>\$</u>	<u>\$ 1,105,000</u>

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
LONG TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>INTEREST RATE</u>	<u>BALANCE June 30, 2010</u>	<u>Issued</u>	<u>Adjustment</u>	<u>Retired</u>	<u>BALANCE June 30, 2011</u>
2004 School Bus	\$ 59,275	4.43%	\$ 9,200	\$	\$	\$ 9,200	\$
2007 School Bus	176,900	4.28%	80,316			25,658	54,658
2009 School Bus	36,550	4.30%	24,191			7,232	16,959
2009 Solar Energy System	132,845	5.46%	112,206			11,617	100,589
2009 Power School	13,079	4.50%	5,297			4,523	774
2010 School Bus - 23 Passenger	78,890	5.50%	70,713			10,454	60,259
2010 School Bus-54 Passenger	84,060	5.50%	78,210			9,907	68,303
			<u>\$ 380,133</u>	<u>\$</u>	<u>\$</u>	<u>\$ 78,591</u>	<u>\$ 301,542</u>
						Capital Outlay	\$ 74,068
						School Administration - Software Cost	4,523
						<u>\$ 78,591</u>	

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 335,168	\$	\$ 335,168	\$ 335,168	\$
Total Local Sources	335,168		335,168	335,168	
State Sources					
Debt Service Aid	168,844		168,844	168,844	
Total State Sources	168,844		168,844	168,844	
Total Revenues	504,012		504,012	504,012	
EXPENDITURES					
Regular Debt Service					
Interest	65,812		65,812	65,812	
Redemption of Principal	440,000		440,000	440,000	
Total Regular Debt Service	505,812		505,812	505,812	
Total Expenditures	505,812		505,812	505,812	
Excess (Deficiency) of Revenue Over (Under) Expenditures	(1,800)		(1,800)	(1,800)	
Other Financing Sources (Uses)					
Fund Balance - July 1, 2010	1,800		1,800	1,800	
Fund Balance - June 30, 2011	\$	\$	\$	\$	\$

STATISTICAL SECTION

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,							
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental Activities								
Invested in Capital Assets, Net of Related Debt	\$ 166,539	\$ 996,454	\$ 1,366,759	\$ 1,794,816	\$ 1,924,706	\$ 2,142,303	\$ 2,386,905	\$ 2,681,839
Restricted	629,170	986,097	476,278	145,399	98,804	210,900	413,308	576,300
Unrestricted	15,495	(74,298)	(77,164)	56,612	5,307	(94,932)	(127,644)	(128,763)
Total Governmental Activities Net assets	\$ 811,204	\$ 1,908,253	\$ 1,765,873	\$ 1,996,827	\$ 2,028,817	\$ 2,258,271	\$ 2,672,569	\$ 3,129,376
Business-Type Activities								
Invested in Capital Assets, Net of Related Debt	\$ 55,412	\$ 49,916	\$ 52,724	\$ 44,238	\$ 30,445	\$ 22,378	\$ 17,405	\$ 21,282
Restricted								
Unrestricted	67,274	98,403	52,240	22,192	11,217	16,381	10,334	29,351
Total Business-Type Activities Net Assets	\$ 122,686	\$ 148,319	\$ 104,964	\$ 66,430	\$ 41,662	\$ 38,759	\$ 27,739	\$ 50,633
District-Wide								
Invested in Capital Assets, Net of Related Debt	\$ 221,951	\$ 1,046,370	\$ 1,419,483	\$ 1,839,054	\$ 1,955,151	\$ 2,164,681	\$ 2,404,310	\$ 2,703,121
Restricted	629,170	986,097	476,278	145,399	98,804	210,900	413,308	576,300
Unrestricted	82,769	24,105	(24,924)	78,804	16,524	(78,551)	(117,310)	(99,412)
Total District-Wide Net Assets	\$ 933,890	\$ 2,056,572	\$ 1,870,837	\$ 2,063,257	\$ 2,070,479	\$ 2,297,030	\$ 2,700,308	\$ 3,180,009

Source: CAFR Schedule A-1

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Expenses								
Governmental Activities								
Instruction								
Regular	\$ 1,457,639	\$ 1,727,221	\$ 1,406,014	\$ 1,563,390	\$ 1,629,796	\$ 1,607,999	\$ 1,714,229	\$ 1,613,172
Special Education	472,109	431,522	340,686	339,636	363,080	356,273	377,818	411,831
Other Special Education	35,177	73,152	135,989	155,123	187,018	147,793	132,971	143,205
Support Services								
Tuition	2,162,816	2,071,153	1,776,065	1,906,303	2,229,523	2,031,193	2,084,793	1,996,070
Student and Instruction Related Services	520,835	345,134	443,024	452,727	364,290	516,604	548,251	487,681
General Administrative Services	454,845	162,389	213,357	202,363	196,482	192,050	194,566	180,532
School Administrative Services	94,437	177,456	138,108	143,106	144,521	149,339	161,760	161,643
Central Services and Administrative Information Technology		158,946	111,705	136,596	114,946	123,709	128,008	121,797
Plant Operations and Maintenance	392,930	453,763	447,582	386,380	364,438	380,310	375,098	397,715
Pupil Transportation	437,373	475,552	376,033	411,650	435,180	370,171	369,543	334,941
Unallocated Employee Benefits			1,058,760	1,228,944	1,291,098	1,114,385	1,119,872	1,126,101
Unallocated Depreciation Expense			193,609	207,634	232,493	232,580	229,904	234,465
Interest on Long-Term Debt	150,105	154,133	139,757	124,638	108,844	92,399	75,130	64,488
Amortization of Debt Issue Costs			2,667	2,667	2,667	2,667	2,667	2,666
Total Governmental Activities Expenses	6,178,266	6,230,421	6,783,356	7,261,157	7,664,376	7,317,472	7,514,610	7,276,307
Business-Type Activities								
Food Service	132,032	138,134	130,650	121,606	126,633	123,612	122,974	123,964
School Care				26,925	24,985	30,654	33,165	33,023
Total Business-Type Activities Expense	132,032	138,134	130,650	148,531	151,618	154,266	156,139	156,987
Total District Expenses	\$ 6,310,298	\$ 6,368,555	\$ 6,914,006	\$ 7,409,688	\$ 7,815,994	\$ 7,471,738	\$ 7,670,749	\$ 7,433,294
Program Revenues								
Governmental Activities								
Charges for Services		7,500						
Instruction (Tuition)	\$ 10,000	\$ 45,669						
Pupil Transportation								
Operating Grants and Contributions	981,469	214,944	238,343	780,666	761,526	531,570	606,172	566,557
Total Governmental Activities Program Revenues	991,469	268,113	238,343	780,666	761,526	531,570	606,172	566,557
Business-Type Activities								
Charges for Services								
Food Service	94,962	128,699	67,178	61,121	63,707	70,786	69,766	90,236
School Care			29,831	28,514	30,861	33,410	33,014	43,240
Operating Grants and Contributions	36,762	34,829	29,404	40,006	37,977	47,130	46,829	40,589
Total Business-Type Activities Program Revenues	131,724	163,528	126,413	129,641	132,545	151,326	149,609	174,065
Total District Program Revenues	\$ 1,123,193	\$ 431,641	\$ 364,756	\$ 910,307	\$ 894,071	\$ 682,896	\$ 755,781	\$ 740,622
Net (Expense)/Revenue								
Governmental Activities								
Governmental Activities	\$ (5,186,797)	\$ (5,962,308)	\$ (6,545,013)	\$ (6,480,491)	\$ (6,902,850)	\$ (6,785,902)	\$ (6,908,438)	\$ (6,709,750)
Business-Type Activities								
Business-Type Activities	(308)	25,394	(4,237)	(18,890)	(19,073)	(2,940)	(6,530)	17,078
Total District-Wide Net Expense	\$ (5,187,105)	\$ (5,936,914)	\$ (6,549,250)	\$ (6,499,381)	\$ (6,921,923)	\$ (6,788,842)	\$ (6,914,968)	\$ (6,692,672)
General Revenues and Other Changes in Net Assets								
Governmental Activities								
Property Taxes Levied for General Purposes, net	\$ 2,452,064	\$ 2,564,453	\$ 2,737,984	\$ 2,863,480	\$ 3,135,382	\$ 3,260,797	\$ 3,477,394	\$ 3,547,690
Taxes Levied for Debt Service	227,414	291,924	297,588	301,076	296,338	295,169	301,906	335,168
Unrestricted Grants and Contributions	2,687,781	4,153,417	3,597,814	3,247,766	3,423,550	3,329,619	3,423,393	3,171,541
Investment Earnings	15,375	17,815	15,740	16,826	15,733	4,540	2,255	3,090
Tuition and Transportation Revenue				92,200	59,057	89,031	96,258	73,129
Miscellaneous Income	27,487	31,748	201,511	25,543	44,763	36,200	31,151	41,695
Fixed Asset Adjustment							(9,621)	(5,756)
Transfers and Other Adjustments			(448,004)	164,554	(39,983)			
Total Governmental Activities	5,410,121	7,059,357	6,402,633	6,711,445	6,934,840	7,015,356	7,322,736	7,166,557
Business-Type Activities								
Transfer and Other Adjustments			(39,720)	(20,000)	(5,724)		(4,512)	5,816
Investment Earnings	652	239	602	356	29	37	22	
Total Business-Type Activities	652	239	(39,118)	(19,644)	(5,695)	37	(4,490)	5,816
Total District-Wide	\$ 5,410,773	\$ 7,059,596	\$ 6,363,515	\$ 6,691,801	\$ 6,929,145	\$ 7,015,393	\$ 7,318,246	\$ 7,172,373
Change in Net Assets								
Governmental Activities								
Governmental Activities	\$ 223,324	\$ 1,097,049	\$ (142,380)	\$ 230,954	\$ 31,990	\$ 229,454	\$ 414,298	\$ 456,807
Business-Type Activities								
Business-Type Activities	344	25,633	(43,355)	(38,534)	(24,768)	(2,903)	(11,020)	22,894
Total District-Wide	\$ 223,668	\$ 1,122,682	\$ (185,735)	\$ 192,420	\$ 7,222	\$ 226,551	\$ 403,278	\$ 479,701

Source: CAFR Schedule A-2

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Reserved	\$ 94,553	\$ 436,271	\$ 458,178	\$ 164,431	\$ 71,776	\$ 211,780	\$ 482,484	\$ 599,216
Unreserved	132,364	37,997	(17,268)	112,640	112,690	9,026	(67,270)	(30,514)
Total General Fund	\$ 226,917	\$ 474,268	\$ 440,910	\$ 277,071	\$ 184,466	\$ 220,806	\$ 415,214	\$ 568,702
All Other Governmental Funds								
Reserved	\$ 530,786	\$ 549,826	\$ 61,653	\$	\$	\$	\$	\$
Unreserved, Reported in:								
Special Revenue Fund				(787)	(787)	(1,650)	(1,650)	(1,650)
Capital Projects Fund				20,599	20,599			
Debt Service Fund	851	851	1,062	3,662	2,600	1,800	1,800	
Total All Other Governmental Funds	\$ 531,637	\$ 550,677	\$ 62,715	\$ 23,474	\$ 22,412	\$ 150	\$ 150	\$ (1,650)

Source: CAFR Schedule B-1

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS**

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Revenues								
Tax Levy	\$ 2,679,478	\$ 2,856,377	\$ 3,035,572	\$ 3,164,556	\$ 3,431,720	\$ 3,555,966	\$ 3,779,300	\$ 3,882,858
Transportation	10,000	45,669	36,919	38,393	40,802	53,884	32,689	32,079
Tuition Charges	13,375	7,500	28,829	53,807	18,255	35,147	63,569	41,050
Interest Earnings	15,375	17,815	15,740	16,826	15,733	4,540	2,255	3,090
Rental					15,000	36,200	31,231	32,448
Miscellaneous	14,112	31,748	135,763	25,543	29,763			9,247
State Sources	3,446,237	4,175,685	3,618,434	3,758,648	3,967,696	3,634,314	3,299,676	3,500,909
Federal Sources	223,013	192,675	217,723	269,784	217,380	226,875	729,889	237,189
Total Revenues	6,401,590	7,327,469	7,088,980	7,327,557	7,736,349	7,546,926	7,938,609	7,738,870
Expenditures								
Instruction								
Regular Instruction	1,227,105	1,414,143	1,406,014	1,563,390	1,629,796	1,607,999	1,714,229	1,613,172
Special Education Instruction	397,442	353,304	340,686	339,636	363,080	356,273	377,818	411,831
Other instruction	29,614	59,893	135,989	155,123	187,018	147,793	132,971	143,205
Support Services								
Tuition	1,820,754	1,695,734	1,776,065	1,906,303	2,229,523	2,031,193	2,084,793	1,996,070
Student and Instruction Related Services	438,462	282,575	443,024	452,727	364,290	516,604	548,251	487,681
General Administrative Services	382,908	133,059	213,357	202,363	196,482	192,050	194,566	185,055
School Administrative Services	79,502	145,290	138,108	143,106	144,521	149,339	166,084	161,643
Central Services		130,030	111,705	136,596	114,946	123,709	128,008	121,797
Plant Operations and Maintenance	330,786	371,513	447,582	386,380	364,438	380,310	375,098	397,715
Pupil Transportation	400,427	389,353	394,001	415,119	435,180	373,230	368,968	334,941
Unallocated Employee Benefits	894,893	898,935	1,040,519	1,230,207	1,281,828	1,106,804	1,089,304	1,129,930
Capital Outlay	95,157	763,662	715,412	306,068	27,366	210,876	228,328	92,574
Debt Service								
Principal	270,000	325,000	345,000	360,000	375,000	390,000	415,000	440,000
Interest	147,560	160,842	146,856	132,019	116,548	100,426	83,653	65,812
Total Expenditures	6,514,610	7,123,333	7,654,318	7,729,037	7,830,016	7,686,606	7,907,071	7,581,426
Excess (Deficiency) of Revenues Over (Under) Expenditures	(113,020)	204,136	(565,338)	(401,480)	(93,667)	(139,680)	31,538	157,444
Other Financing Sources (Uses)								
Cancellation of Prior Year Receivable Transfer			(538)					
			44,555	20,000				(5,756)
Bond Proceeds	625,000							
Capital Leases (non-budgeted)		59,275		178,400		153,758	162,950	
Total Other Financing Sources (Uses)	625,000	59,275	44,017	198,400		153,758	162,950	(5,756)
Net Change in Fund Balances	\$ 511,980	\$ 263,411	\$ (521,321)	\$ (203,080)	\$ (93,667)	\$ 14,078	\$ 194,488	\$ 151,688
Debt Service as a Percentage of Noncapital Expenditures	6.4%	6.8%	6.4%	6.4%	6.3%	6.4%	6.3%	6.7%

Source: CAFR Schedule B-2

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

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u> <u>Revenue</u>	<u>Transportation</u>	<u>Sale of</u> <u>Assets</u>	<u>Rentals</u>	<u>Prior</u> <u>Year</u> <u>Adjustments</u>	<u>Utility</u> <u>Company</u> <u>Rebate</u>	<u>Misc.</u>	<u>Total</u>
2011	\$ 3,090	\$ 41,050	\$ 32,079	\$	\$ 32,448	\$ 977	\$	\$ 8,270	\$ 117,914
2010	2,255	63,569	32,689		31,151				129,664
2009	4,540	35,147	53,884		36,200				129,771
2008	15,733	18,255	40,802	2,369	15,000			27,394	119,553
2007	16,826	57,836	38,393		13,000	1,109		7,405	134,569
2006	15,740	28,829	36,919		12,500	19,810	101,375	2,078	217,251
2005	17,815	7,500	45,669					31,748	102,732
2004	14,524	13,375	10,000					13,169	51,068
2003	21,516		37,050					50,998	109,564
2002	25,420	3,823	46,589					63,719	139,551

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Regular	Qfarm	Commercial	Industrial	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2011	\$ 9,974,400	\$ 218,658,600	\$ 78,941,600	\$ 10,913,400	\$ 21,761,000	\$ 1,480,000	\$ 341,729,000	\$ 1,437,138	\$ 343,166,138	1.129	\$ 358,641,421 ^c
2010	12,001,800	221,694,700	76,886,200	10,887,500	21,861,000		343,331,200	1,725,480	345,056,680	1.120	358,641,421
2009	12,420,800	222,030,000	77,345,000	10,798,000	22,890,000		345,483,800	1,809,844	347,293,644	1.088	362,404,388
2008	13,606,900	212,031,600	84,964,000	10,849,900	21,970,000		343,422,400	1,564,914	344,987,314	1.004	324,799,697
2007	13,894,600	206,911,500	83,709,000	10,859,650	24,884,000		340,258,750	1,704,191	341,962,941	1.004	323,796,912
2006	12,099,900	204,281,800	86,006,500	11,001,050	25,317,000		338,706,250	980,982	339,687,232	0.931	272,234,212
2005	3,019,200	85,020,500	41,267,000	6,878,155	12,625,500		148,810,355	980,982	149,791,337	2.027	252,279,799
2004	3,036,400	83,713,800	41,394,200	6,913,430	12,434,000		147,491,830	980,982	148,472,812	1.921	246,889,571
2003	3,238,000	82,030,900	40,917,000	6,870,480	12,372,100		145,428,480	1,194,345	146,622,825	1.826	210,005,025
2002	3,240,800	79,999,300	40,405,900	6,890,100	12,468,300		143,004,400	13,801,775	156,806,175	1.773	195,121,299

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

c Estimate

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

Year Ended June 30,	Upper Pittsgrove Township Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	From J-6 Total Direct School Tax Rate	Upper Pittsgrove Township	Salem County	
2011	\$ 1.032	\$ 0.097	\$ 1.129	\$ 0.099	\$ 0.872	\$ 2.100
2010	1.031	0.089	1.120	0.091	0.923	2.134
2009	0.998	0.090	1.088	0.076	0.936	2.100
2008	0.943	0.089	1.032	0.083	0.882	1.997
2007	0.908	0.096	1.004	0.055	0.863	1.922
2006	0.841	0.091	0.932	0.039	0.776	1.747
2005	1.820	0.207	2.027	0.049	1.666	3.742
2004	1.759	0.163	1.922	0.050	1.446	3.418
2003	1.662	0.163	1.825	0.047	1.366	3.238
2002	1.622	0.152	1.774	0.029	1.261	3.064

Source: District Records and Municipal Tax Collector

Note:

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

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

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

<u>Taxpayer</u>	<u>2011</u>		<u>2002</u>	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Taxpayer #1	\$ 2,864,800	0.83%	\$	
Taxpayer #2	2,000,800	0.58%		
Third Garden Park Limited Partners	1,950,000	0.57%		
Taxpayer #3	1,630,100	0.48%		
Atlantic City Electric Co	1,625,300	0.47%		
Larchmont Farms Inc	1,591,400	0.46%		
New Jersey Bell Telephone Co	1,576,138	0.46%		
Taxpayer #4	1,500,000	0.44%		
IRR Trust AGM	1,286,000	0.37%		
Bell Atlantic- New Jersey, Inc	1,200,000	0.35%		
Total	<u>17,224,538</u>	<u>5.02%</u>		

Source: District CAFR & Municipal Tax Assessor

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Taxes Levied</u> <u>for the Fiscal</u> <u>Year</u>	<u>Collected Within the Fiscal</u> <u>Year of the Levy</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>% of Levy</u>	
2011	\$ 3,882,858	\$ 3,882,858	100%	\$
2010	3,779,300	3,779,300	100%	
2009	3,555,966	3,555,966	100%	
2008	3,431,720	3,431,720	100%	
2007	3,164,556	3,164,556	100%	
2006	3,035,572	3,035,572	100%	
2005	2,856,377	2,856,377	100%	
2004	2,679,478	2,679,478	100%	
2003	2,560,313	2,560,313	100%	
2002	2,394,443	2,394,443	100%	

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities	Total District	Percentage of	
	General Obligation Bonds ^a	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases		Personal Income ^a	Per Capita ^a
2011	\$ 1,105,000	\$	\$	\$	\$ 1,105,000	0.77%	\$ 307
2010	1,545,000				1,545,000	1.06%	430
2009	1,960,000	122,931			2,082,931	1.48%	580
2008	2,350,000	154,962			2,504,962	1.83%	697
2007	2,725,000	182,328			2,907,328	2.24%	814
2006	3,085,000	93,285			3,178,285	2.52%	885
2005	3,430,000	148,799			3,578,799	3.00%	998
2004	3,755,000				3,755,000	3.19%	1,047
2003	3,400,000				3,400,000	3.06%	957
2002	3,660,000				3,660,000	3.42%	1,033

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

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

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using per capita income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2011	\$ 1,105,000	\$	\$ 1,105,000	0.31%	\$ 307 *
2010	1,545,000		1,545,000	0.45%	430 *
2009	1,960,000		1,960,000	0.56%	546
2008	2,350,000		2,350,000	0.68%	654
2007	2,725,000		2,725,000	0.80%	763
2006	3,085,000		3,085,000	0.91%	859
2005	3,430,000		3,430,000	2.29%	957
2004	3,755,000		3,755,000	2.53%	1,047
2003	3,400,000		3,400,000	2.32%	957
2002	3,660,000		3,660,000	2.33%	1,033

* Estimate

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

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

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

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2011

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u> a	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Upper Pittsgrove Township	\$ -	100.00%	\$ -
Salem County	40,991,000	6.12%	2,507,750
Other debt			
Subtotal, Overlapping Debt			<u>2,507,750</u>
Upper Pittsgrove Township School District Direct Debt		b	<u>1,105,000</u>
Total Direct and Overlapping Debt		\$	<u><u>3,612,750</u></u>

Sources: Upper Pittsgrove Township Finance Officer, Salem County Finance Office

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

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

b Includes Capital Leases

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST NINE FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2010

Equalized Valuation Basis		
2010	\$	325,816,120
2009		355,034,837
2008		355,673,681
	[A]	<u>\$ 1,036,524,638</u>
Average Equalized Valuation of Taxable Property		[A/3] \$ 345,508,213
Debt Limit (3% of Average Equalization Value)		[B] 10,365,246 ^a
Net Bonded School Debt		[C] <u>1,105,000</u>
Legal Debt Margin		[B-C] \$ <u>9,260,246</u>

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt Limit	\$ 5,192,131	\$ 5,403,413	\$ 5,823,206	\$ 6,520,159	\$ 7,230,551	\$ 8,240,751	\$ 6,331,177	\$ 9,887,914	\$ 10,328,012	\$ 10,365,246
Total Net Debt Applicable to Limit	<u>3,660,000</u>	<u>3,400,000</u>	<u>3,755,000</u>	<u>3,430,000</u>	<u>3,085,000</u>	<u>2,725,000</u>	<u>2,350,000</u>	<u>1,960,000</u>	<u>1,545,000</u>	<u>1,105,000</u>
Legal Debt Margin	<u>\$ 1,532,131</u>	<u>\$ 2,003,413</u>	<u>\$ 2,068,206</u>	<u>\$ 3,090,159</u>	<u>\$ 4,145,551</u>	<u>\$ 5,515,751</u>	<u>\$ 3,981,177</u>	<u>\$ 7,927,914</u>	<u>\$ 8,783,012</u>	<u>\$ 9,260,246</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	70.5%	62.9%	64.5%	52.6%	42.7%	33.1%	37.1%	19.8%	15.0%	10.7%

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

^a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2011 *	3,597	144,067,889	40,052	N/A
2010 *	3,593	141,780,966	39,460	4.60%
2009	3,590	137,536,490	38,311	4.40%
2008	3,595	136,692,685	38,023	2.50%
2007	3,572	130,024,372	36,401	1.90%
2006	3,590	126,116,700	35,130	1.90%
2005	3,585	119,283,705	33,273	1.90%
2004	3,586	117,631,558	32,803	2.10%
2003	3,554	111,112,256	31,264	2.20%
2002	3,542	106,862,140	30,170	2.10%

Source:

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

^b Personal income

^c Per Capita

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

* Estimate

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2011</u>		<u>2002</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>

NOT AVAILABLE

Source:

This schedule should include the ten largest employers, unless fewer are required to reach 50 percent of total employment.

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction										
Regular	78.0	30.0	31.0	31.0	33.0	31.0	31.0	31.0	31.0	30.0
Special Education	13.0	23.0	21.3	11.0	10.5	10.5	9.0	9.0	9.0	6.0
Other Special Education		1.5	2.0	3.5	4.0	4.0	3.0	3.0	3.0	0.0
Other instruction	1.0	1.0	1.0							
Support Services:										
Tuition										
Student & Instruction Related Service	3.0	8.0	13.0	8.0	12.0	12.0	11.0	11.0	11.0	9.0
General Administrative Services	3.0	5.0	4.8	5.5	7.0	4.0	4.0	4.0	4.0	4.0
School Administrative Services	1.0		0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Business Administrative Services	1.0	2.0	3.0	3.0						
Plant Operations and Maintenance	2.0	4.0	3.0	3.0	4.0	4.0	3.0	3.0	3.0	3.0
Pupil Transportation	7.0	13.0	12.0	14.0	13.0	12.0	8.5	8.5	8.0	8.0
Food Service	8.0	8.0	8.0	6.0	6.0	6.0				
Total	117.0	95.5	99.5	85.5	90.0	84.0	70.0	70.0	69.5	60.5

Source: District Personnel Records

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2011	383	\$ 6,983,040	\$ 18,232	0.05	37	6.3 : 1	4 : 1	378.4	361.2	-3.247%	95.45%
2010	415	7,180,090	17,301	(0.02)	43	11.6 : 1	10.4 : 1	391.1	373.1	0.205%	95.40%
2009	395	6,985,304	17,684	(0.08)	43	11 : 1	10 : 1	390.3	374.0	1.193%	95.82%
2008	381	7,311,102	19,189	0.15	39	11 : 1	9 : 1	385.7	368.7	-6.903%	95.59%
2007	415	6,930,950	16,701	0.08	36	10 : 1	11 : 1	414.3	403.0	-0.671%	97.27%
2006	417	6,447,050	15,461	0.14	43	10 : 1	10 : 1	417.1	396.7	-5.205%	95.11%
2005	434	5,873,829	13,534	(0.05)	35	12 : 4	13 : 1	440	418.0	4.762%	95.00%
2004	420	6,001,893	14,290		39	11 : 1	11 : 1	420	402.0	-0.943%	95.71%
2003	424				40	11 : 1	11 : 1	424	404.0	0.474%	95.28%
2002	422				40	11 : 1	11 : 1	422	408.0	-1.402%	96.68%

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

Note: Enrollment based on annual October district count.

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>District Building</u>										
<u>Elementary</u>										
Square Feet	64,828	64,828	64,828	64,828	64,828	64,828	64,828	64,828	64,828	64,828
Capacity (students)	375	375	375	375	375	375	375	375	375	375
Enrollment	422	424	420	440	434	415	381	395	415	383

Number of Schools at June 30, 2011
Elementary = 1

Source: District records, ASSA

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITY
LAST EIGHT FISCAL YEARS
(UNAUDITED)

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

<u>School Facilities</u>	<u>Gross Square Footage</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Upper Pittsgrove Township School	64,828	\$ 24,775	\$ 25,061	\$ 26,414	\$ 32,053	\$ 29,683	\$ 138,521	\$ 52,631	\$ 46,485
Total School Facilities		<u>24,775</u>	<u>25,061</u>	<u>26,414</u>	<u>32,053</u>	<u>29,683</u>	<u>138,521</u>	<u>52,631</u>	<u>46,485</u>
Other Facilities									
Grand Total		<u>\$ 24,775</u>	<u>\$ 25,061</u>	<u>\$ 26,414</u>	<u>\$ 32,053</u>	<u>\$ 29,683</u>	<u>\$ 138,521</u>	<u>\$ 52,631</u>	<u>\$ 46,485</u>

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Company	Type of Coverage	Coverage	Deductible
NJ School Board Assoc Insurance Group	Property Blanket Building & Contents	\$ 14,383,988	\$ 5,000
	Commercial Inland Marine Blanket Hardware and Software	520,000	1,000
	Commercial General Liability		
	Products Completed Operations Aggregate Limit	6,000,000	
	Personal and Advertising Injury Limit	6,000,000	
	Bodily Injury & Property Damage	6,000,000	
	Boiler and Machinery Section		
	Limit per Accident for Property Damage and Business Income	100,000,000	5,000
	Commercial Crime Section		
	Employee Dishonesty Coverage	100,000	1,000
	Commercial Automobile/General Liability		
	Combined Single Limit	6,000,000	1,000
	Board of Education Legal Liability		
	Aggregate for Each Annual Policy Year	6,000,000	
	Insured Retained Limit (each loss)	5,000	
Workmen's Compensation			
Bodily Injury - Each Accident/Disease	2,000,000		
Bodily Injury - Each Employee	2,000,000		
Maximum Coverage	2,000,000		
Markel Insurance Co	Student Accident Policies		
	Catastrophic Medical Expense - Max Benefit Amount	2,000,000	
	Catastrophic Cash Benefit - Max Benefit Amount	500,000	
The Maksin Group	Compulsory - Maximum Benefit Amount	25,000	
Ohio Casualty Insurance Company	Surety Bonds		
	Treasurer	185,000	
	Business Administrator	35,000	

Source: District Records

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245

September 29, 2011

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

The Honorable President and
Members of the Board of Education
Upper Pittsgrove Township School District
County of Salem, New Jersey 08079

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 Upper Pittsgrove Township Board of Education, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Board of Education of the Upper Pittsgrove Township's basic financial statements and have issued our report thereon dated September 29, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

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

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 Upper Pittsgrove Township Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance, or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. However, we noted two other immaterial matter that were reported to the Board of Education of the Upper Pittsgrove School District in a separate report entitled, Auditor's Management Report on Administrative Findings-Financial Compliance and Performance dated September 29, 2011.

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA


Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

NIGHTLINGER, COLAVITA & VOLPA*A Professional Association**Certified Public Accountants*

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September 29, 2011

**INDEPENDENT AUDITOR'S 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
NEW JERSEY OMB CIRCULAR 04-04**

The Honorable President and
Members of the Board of Education
Upper Pittsgrove Township School District
County of Salem, New Jersey 08079

Compliance

We have audited the Board of Education of the Upper Pittsgrove Township School District, in the County of Salem, State of New Jersey, compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Upper Pittsgrove Township School District's major federal and state programs for the fiscal year ended June 30, 2011. The Upper Pittsgrove Township Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Upper Pittsgrove Township Board of Education's management. Our responsibility is to express an opinion on the Upper Pittsgrove Township Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 and the audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education AND Regulatory Compliance, State of New Jersey; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Upper Pittsgrove Township Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Upper Pittsgrove Township Board of Education's compliance with those requirements.

In our opinion, the Board of Education of the Upper Pittsgrove Township School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its state programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

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

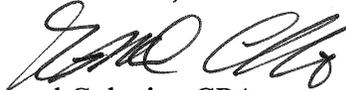
A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

**TOWNSHIP OF UPPER PITTSBURGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
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		Balance at June 30, 2010			Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2011		
				From	To	Accounts Receivable	Deferred Revenue	Due to Grantor					Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education															
Passed-through State Department of Education:															
Special Revenue Fund:															
ARRA - Title I, Part A	84.389	ARRA-532010	14,093	9/1/09	8/31/10	(\$2,393)				\$2,393					
ARRA - IDEA	84.391A	ARRA-532010	119,828	9/1/09	8/31/10	(10,153)				10,153					
ARRA - IDEA	84.391A	ARRA-532011	39,287	9/1/10	8/31/11					8,553	(\$39,287)		(\$30,734)		
ARRA - IDEA PRE-K	84.392	ARRA-532011	4,329	9/1/10	8/31/11					203	(4,329)		(4,126)		
Title I, Part A	84.010A	NCLB - 532010	56,879	9/1/09	8/31/10	(28,613)				25,941			(2,672)		
Title I, Part A	84.010A	NCLB - 532011	47,721	9/1/10	8/31/11					26,600	(47,721)		(21,121)		
Title II, Part A	84.367A	NCLB - 532010	14,174	9/1/09	8/31/10	(10,532)				10,500			(32)		
Title II, Part A - C/O	84.367A	NCLB - 532011	14,311	9/1/10	8/31/11					7,980	(14,311)		(6,331)		
Title II, Part A - C/O	84.367A	NCLB - 532009	19,051	9/1/08	8/31/09	(521)				521					
Title II, Part D Technology	84.318X	NCLB - 532010	543	9/1/09	8/31/10	(543)							(543)		
Title IV - Safe and Drug Free -C/O	84.186A	NCLB - 532011	294	9/1/10	8/31/11						(294)		(294)		
Title IV - Safe and Drug Free-C/O	84.186A	NCLB - 532010	882	9/1/09	8/31/10	(108)				108					
Rural Education	84.358A	S358A063592	9,000	9/1/10	8/31/11					9,000	(9,000)				
I.D.E.A. Part B, Basic Regular	84.027	FT-532011	124,588	9/1/10	8/31/11					28,954	(124,588)		(95,634)		
I.D.E.A. Part B, Basic Regular	84.027	FT-532010	122,878	9/1/09	8/31/10	(30,124)				30,124					
I.D.E.A. Part B, Pre-School	84.173	NCLB - 532011	4,036	9/1/10	8/31/11					4,036	(4,036)				
Total Special Revenue Fund						(82,987)				165,066	(243,566)		(161,487)		
U.S. Department of Agriculture															
Passed-through State Department of Education:															
Enterprise Fund:															
Food Distribution Program	10.550	N/A	10,248	7/1/09	6/30/10			\$3,849			(3,496)				\$353
National School Lunch Program	10.555	N/A	34,465	7/1/09	6/30/10	(6,525)				6,525					
National School Lunch Program	10.555	N/A	35,719	7/1/10	6/30/11					28,932	(35,719)		(6,787)		
Total Enterprise Fund						(6,525)	3,849			35,457	(39,215)		(6,787)	353	
Total Federal Financial Assistance						(\$89,512)	\$3,849			\$200,523	(\$282,781)		(\$168,274)	\$353	

See accompanying notes to schedules of financial assistance

These funds were not audited in accordance with OMB Circular A-133 since the total of all federal grant expenditures was less than \$500,000

TOWNSHIP OF UPPER PITTSBORO SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2010			Budgetary Expenditures	Adjustments/Repayment of Prior Years' Balances	Balances at June 30, 2011			MEMO			
					Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount			Cash Received	(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education																
General Fund:																
Equalization Aid	11-495-034-5120-078	\$2,467,430	7/1/10	6/30/11				\$2,229,047	(\$2,467,430)				*	\$238,383	\$2,467,430	
Special Education Categorical Aid	11-495-034-5120-089	275,964	7/1/10	6/30/11				249,336	(275,964)				*	26,628	275,964	
Transportation Aid	11-495-034-5120-014	165,837	7/1/10	6/30/11				149,826	(165,837)				*	16,011	165,837	
Security Aid	11-495-034-5120-084	51,646	7/1/10	6/30/11				46,646	(51,646)				*	5,000	51,646	
Nonpublic Transportation Aid	10-495-034-5120-014	5,154	7/1/09	6/30/10		(\$5,154)		5,154								
Nonpublic Transportation Aid	11-495-034-5120-014	5,508	7/1/10	6/30/11					(5,508)		(\$5,508)		*		5,508	
On Behalf TPAF Non-Contrib Ins.	11-495-034-5095-007	6,509	7/1/10	6/30/11				6,509	(6,509)				*		6,509	
On Behalf TPAF Post Retire Contrib	11-495-034-5095-001	138,256	7/1/10	6/30/11				138,256	(138,256)				*		138,256	
Reimbursed TPAF SS Contribution	10-495-034-5095-002	160,634	7/1/09	6/30/10		(12,636)		12,636								
Reimbursed TPAF SS Contribution	11-495-034-5095-002	168,103	7/1/10	6/30/11				160,164	(168,103)		(7,939)		*		168,103	
Total General Fund						(17,790.00)		2,997,574	(3,279,253)		(13,447)			286,022	3,279,253	
Special Revenue Fund:																
Preschool Education Aid	11-495-034-5120-086	16,500	7/1/10	6/30/11				14,850	(16,500)					*	1,650	16,500
ELLI Grant	07-495-034-5120-062	14,850	7/1/06	6/30/07										\$2,850		
Total Special Revenue Fund								14,850	(16,500)					2,850	1,650	
Debt Service Fund:																
Debt Service Aid Type II	11-495-034-5120-125	168,844	7/1/10	6/30/11				168,844	(168,844)				*		168,844	
Total Debt Service Fund								168,844	(168,844)						168,844	
State Department of Agriculture																
Enterprise Fund:																
State School Lunch Program	10-100-010-3350-023	1,940	7/1/09	6/30/10		(367)		367								
State School Lunch Program	11-100-010-3350-023	1,374	7/1/10	6/30/11				1,083	(1,374)		(291)		*		1,374	
Total Enterprise Fund						(367)		1,450	(1,374)		(291)				1,374	
Total State Financial Assistance						(\$18,157)	\$2,850	\$3,182,718	(\$3,465,971)		(\$13,738)		\$2,850	\$287,672	\$3,465,971	

See accompanying notes to schedules of financial assistance

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

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A., 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid payments in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is 36,402 for the general fund and (\$6,377) for the special revenue fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2011
(Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 3,315,565	\$ 3,315,565
Special Revenue Fund	237,189	16,500	253,689
Debt Service		168,844	168,844
Food Service Fund	<u>39,215</u>	<u>1,374</u>	<u>40,589</u>
Total Financial Assistance	\$ <u>276,404</u>	\$ <u>3,502,283</u>	\$ <u>3,778,687</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

The district did not have any outstanding loans.

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions, if any, represents the amount paid by the state on behalf of the district for the year ended June 30, 2011. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.

NOTE 7: SCHOOLWIDE PROGRAM FUNDS

As the District's Federal Programs are on a targeted student group basis, there are no schoolwide programs in the District.

UPPER PITTSBORO TOWNSHIP 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? _____ yes X none reported

Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards N/A

Internal control over major programs:

- 1) Material weakness (es) identified? _____ yes X no
- 2) Significant deficiencies identified? _____ 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 OMB Circular A-133? _____ yes X no

CFDA Number(s)

Name of Federal Program or Cluster

No Major Programs

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(continued)

Section I - Summary of Auditor's Results (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

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

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

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

Any audit findings disclosed that are required to
be reported in accordance with NJ OMB
Circular Letter 04-04 yes X no

Identification of major programs:

GMIS Number(s)

Name of State Program

11-495-034-5120-078
11-495-034-5120-089
11-495-034-5120-084

Equalization Aid
Special Education Categorical Aid
Security Aid

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(continued)

Section II - Financial Statement Findings

Finding: **NONE**

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Management's response:

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011 (continued)

Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs

FEDERAL AWARDS

None

Finding:

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Effect:

Cause:

Recommendation:

Management's response:

STATE AWARDS

None

Finding:

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Effect:

Cause:

Recommendation:

Management's response:

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 Government Auditing Standards, US OMB Circular A-133 (Section .315 (a) (b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR - YEAR FINDINGS

None