

**SCHOOL DISTRICT
OF THE
TOWNSHIP OF PITTSBORO**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

**Township of Pittsboro Board of Education
Pittsboro, New Jersey**

For the Fiscal Year Ended June 30, 2012

**Prepared by
Pittsboro Township Board of Education
Finance Department**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE PITTSBURGH TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS**

INTRODUCTORY SECTION

<u>Exhibit</u>	<u>Page</u>
Letter of Transmittal	1 - 6
Organizational Chart	7
Roster of Officials	8
Consultants and Advisors	9 – 10

FINANCIAL SECTION

Independent Auditor's Report	11 - 12
-------------------------------------	---------

Required Supplementary Information – Part I Management’s Discussion and Analysis	13 - 22
---	---------

Basic Financial Statements

A. District-wide Financial Statements:

A-1	Statement of Net Assets	23
A-2	Statement of Activities	24

B. Fund Financial Statements:

Governmental Funds:

B-1	Balance Sheet	25
B-2	Statement of Revenues, Expenditures, and Changes in Fund Balances	26
B-3	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27

Proprietary Funds:

B-4	Statement of Net Assets	28
B-5	Statement of Revenues, Expenses, and Changes in Fund Net Assets	29
B-6	Statement of Cash Flows	30

Fiduciary Funds:

B-7	Statement of Fiduciary Net Assets	31
B-8	Statement of Changes in Fiduciary Net Assets	32

Notes to the Financial Statements	33 - 57
--	---------

Required Supplementary Information – Part II

C. Budgetary Comparison Schedules:

C-1	Budgetary Comparison Schedule – General Fund	58-63
C-1a	Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	N/A
C-1b	Education Jobs Fund Program – Budget and Actual	N/A
C-2	Budgetary Comparison Schedule – Special Revenue Fund	64

Notes to the Required Supplementary Information

C-3 Budget-to-GAAP Reconciliation	65
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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE PITTSBORO TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FINANCIAL SECTION (Continued)**

<u>Exhibit</u>	<u>Page</u>
Other Supplementary Information	
D. School Based Budget Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	66 - 67
E-2 Preschool Education Aid Schedule(s) of Expenditures – Budgetary Basis	68
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	69
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	70
F-2a-g Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis	71-77a
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Assets	78
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets	79
G-3 Combining Schedule of Cash Flows	80
Internal Service Fund:	
G-4 Combining Schedule of Net Assets	81
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets	82
G-6 Combining Schedule of Cash Flows	83
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Assets	84
H-2 Combining Statement of Changes in Fiduciary Net Assets	85
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	86
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	87

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE PITTSBORO TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FINANCIAL SECTION (Continued)**

Other Supplementary Information (Continued)

I.	Long-Term Debt:	
I-1	Schedule of Serial Bonds	88-91
I-2	Schedule of Obligations under Capital Leases	92
I-3	Debt Service Fund Budgetary Comparison Schedule	93

STATISTICAL SECTION

Financial Trends Information/Schedules

J-1	Net Assets by Component	94
J-2	Changes in Net Assets	95
J-3	Fund Balances – Governmental Funds	96
J-4	Changes in Fund Balance, Governmental Funds	97
J-5	General Fund Other Local Revenue by Source	98

Revenue Capacity Information

J-6	Assessed Value and Estimated Actual Value of Taxable Property	99
J-7	Direct and Overlapping Property Tax Rates	100
J-8	Principal Property Taxpayers	101
J-9	Property Tax Levies and Collections	102

Debt Capacity Information

J-10	Ratios of Outstanding Debt by Type	103
J-11	Ratios of General Bonded Debt Outstanding	104
J-12	Direct and Overlapping Governmental Activities Debt	105
J-13	Legal Debt Margin Information	106

Demographic and Economic Information

J-14	Demographic and Economic Statistics	107
J-15	Principal Employers	108

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program	109
J-17	Operating Statistics	110
J-18	School Building Information	111
J-19	Schedule of Required Maintenance Expenditures by School Facility	112
J-20	Insurance Schedule	113

SINGLE AUDIT SECTION

K-1	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	114-115
K-2	Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	116-117
K-3	Schedule of Expenditures of Federal Awards - Schedule A	118
K-4	Schedule of Expenditures of State Financial Assistance - Schedule B	119
K-5	Notes to the Schedules of Awards and Financial Assistance	120-121
K-6	Schedule of Findings and Questioned Costs	122-125
K-7	Summary Schedule of Prior Audit Findings	126

INTRODUCTORY SECTION

PITTSGROVE TOWNSHIP SCHOOLS
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Henry Bermann
Superintendent of Schools
(Ext. 4016)

Suzanne R. Fox Abdill
Business Admin./ Board Sec.
(Ext. 4018)

Yvette DuBois
Assistant Superintendent
(Ext. 4013)

November 1, 2012

Honorable President and Members
of the Board of Education
Pittsgrove Township Board of Education
County of Salem
Pittsgrove, N.J. 08318

Dear Board Members:

The comprehensive annual financial report of the Pittsgrove Township School District (District) for the fiscal year ended June 30, 2012, 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 Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and the New Jersey State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Awards, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

We are an Equal Opportunity Employer - F/M

1. REPORTING ENTITY AND ITS SERVICES:

The Pittsgrove Township School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the District are included in this report. The Pittsgrove Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels PK through 12. These include regular, vocational, alternative and remedial, as well as special education for handicapped students. Vocational opportunities are provided through the Salem County Vocational and Technical School. The Pittsgrove Township School District also receives students on a tuition basis for grades PreK-12 from the Borough of Elmer. In Schalick High School, the district houses three county-wide academies in the Visual and Performing Arts. These are magnet programs in Dance, Theater and Visual Arts. The District completed the 2011-12 fiscal year with an enrollment of 1,815 students, including Academy students, which is 76 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2011-12	1,742.1	(5.12)%
2010-11	1,836.2	2.93%
2009-10	1,784.0	(.59)%
2008-09	1,794.7	3.99%
2007-08	1,869.3	(3.31)%
2006-07	1,933.3	.16%
2005-06	1,930.2	(2.71)%
2004-05	1,983.9	4.79%
2003-04	1,893.3	1.13%
2002-03	1,872.2	.88%

2. ECONOMIC CONDITION AND OUTLOOK:

The Pittsgrove Township area is experiencing a period of limited development, which is expected to continue. There will be a continually slight increase in the number of residences. This should result in a modest increase in the tax base. Pittsgrove Township is also experiencing a decrease in enrollment in its resident students. This decline is expected to continue for the immediate future. The 2010-2011 school year marked a full send/receive agreement with Elmer Borough Board of Education. All students from both Pittsgrove and Elmer attend school together from preschool through twelfth grade. For the 2011-2012 school year Elmer School housed 243 students in grades one and two from both communities, Olivet School houses grades three, four, and five and the Middle School houses grades six, seven and eight making it a true middle school. All three elementary schools are at their functional capacity.

3. MAJOR INITIATIVES/CURRICULA INITIATIVES:

Technology

The Board of Education continues to support the integration of technology into curriculum. The one-to-one laptop initiative for all eighth grade students has been updated to become a one-to-one iPad2 initiative that continues to afford opportunities for students and staff to integrate technology into daily lesson planning. Interactive white boards are utilized as a teaching tool in almost every classroom across the district, leading to the further technology-based, interactive learning. Every teacher has a laptop computer.

The Supervisor of Technology provides support and suggests best practices in student and teacher uses of educational technology, trains teachers and other district staff in new technologies, team-teaches in K-12 classrooms and helps guide the educational technology vision in Pittsgrove Township Schools.

Pittsgrove Township Schools, K-12

Across the district, staff members will receive extensive professional development in the areas of Common Core Standards, changes in State Assessments and Accountability (ESEA waiver), as well as Teacher Evaluation- Charlotte Danielson's Framework for Teaching. Particular focus will be made on training staff and administration on the new teacher evaluation model. The use of half-day professional development days continue to be instrumental in providing staff with needed professional development opportunities.

Teachers submit lesson plans digitally through GoogleDocs and have received professional development in using that resource for classroom instruction. A new on-line program for writing and submitting lesson plans will be piloted in grades K-12 during the 2012-2013 school year.

Norma, Elmer and Olivet Schools

Norma School continues to operate a Pre-School Program for three and four-year-olds with a braided funding formula, including state funds for economically disadvantaged students, parent tuition and local funds. The Early Launch to Learning Initiative (ELLI) has proven to be very successful in kindergarten readiness serving approximately 66% of the incoming kindergarten class.

3. MAJOR INITIATIVES/CURRICULA INITIATIVES: (Continued)

Norma, Elmer and Olivet Schools (Continued)

Additional program support for Norma kindergarten includes continued resources to implement Guided Reading and Everyday Math to greater success each year. Elmer and Olivet School continue to receive extensive professional development and support materials for curricula revision, benchmark creation, Guided Reading, Everyday Math and a new Science program. New literacy program materials are being piloted in grades K-5.

Pittsgrove Township Middle School

The most significant initiatives occurring in the middle school during the 2012-2013 school year will be professional development based on the Common Core Standards, Writing, and Teacher evaluation- Charlotte Danielson's Framework for Teaching; work will continue with H.E.A.T. H.E.A.T. is an acronym for Higher-order thinking, Engagement, Authenticity and Technology. While the HEAT was turned up across the district, there will continue to be a particular focus on PTMS with the desired result of improved pedagogy and increases in state test scores. Benchmark assessments become even more prominent in this process by aligning daily teaching with the NJCCS while providing teachers with detailed data to meet the needs of students. Staff will be working to revise benchmarks in order to align the questions with the revised curricula. Most curricula revision focus will be on mathematics while benchmarks will be revised in all areas.

Arthur P. Schalick High School

Like the other schools in the district, extensive professional development will be provided to revise benchmarks in accordance with the changes to the curriculum and to better enable teachers to use data from benchmark assessments to inform instruction.

The high school is piloting the use of iPads in two targeted areas- Algebra and Financial Literacy. The Algebra course is piloting an iBook and the Financial Literacy course is being offered as a complete on-line learning experience. The students are issued an iPad for use at school and at home. These pilots should be able to offer the district with insight as to the potential enhancements for students learning at the secondary level.

The utilization of half-day in-service opportunities has provided significant opportunities for additional professional development and support for curricular initiatives, on-line lesson planning, walkthroughs and benchmark creation.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining internal control 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 process 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 adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control process 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, 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2012.

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 2.

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 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. RISK MANAGEMENT:

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

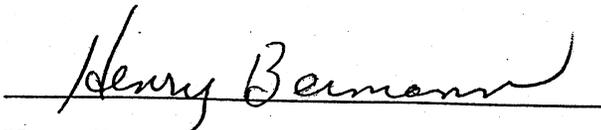
9. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants 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 Single Audit Act of 1984 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. 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 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,

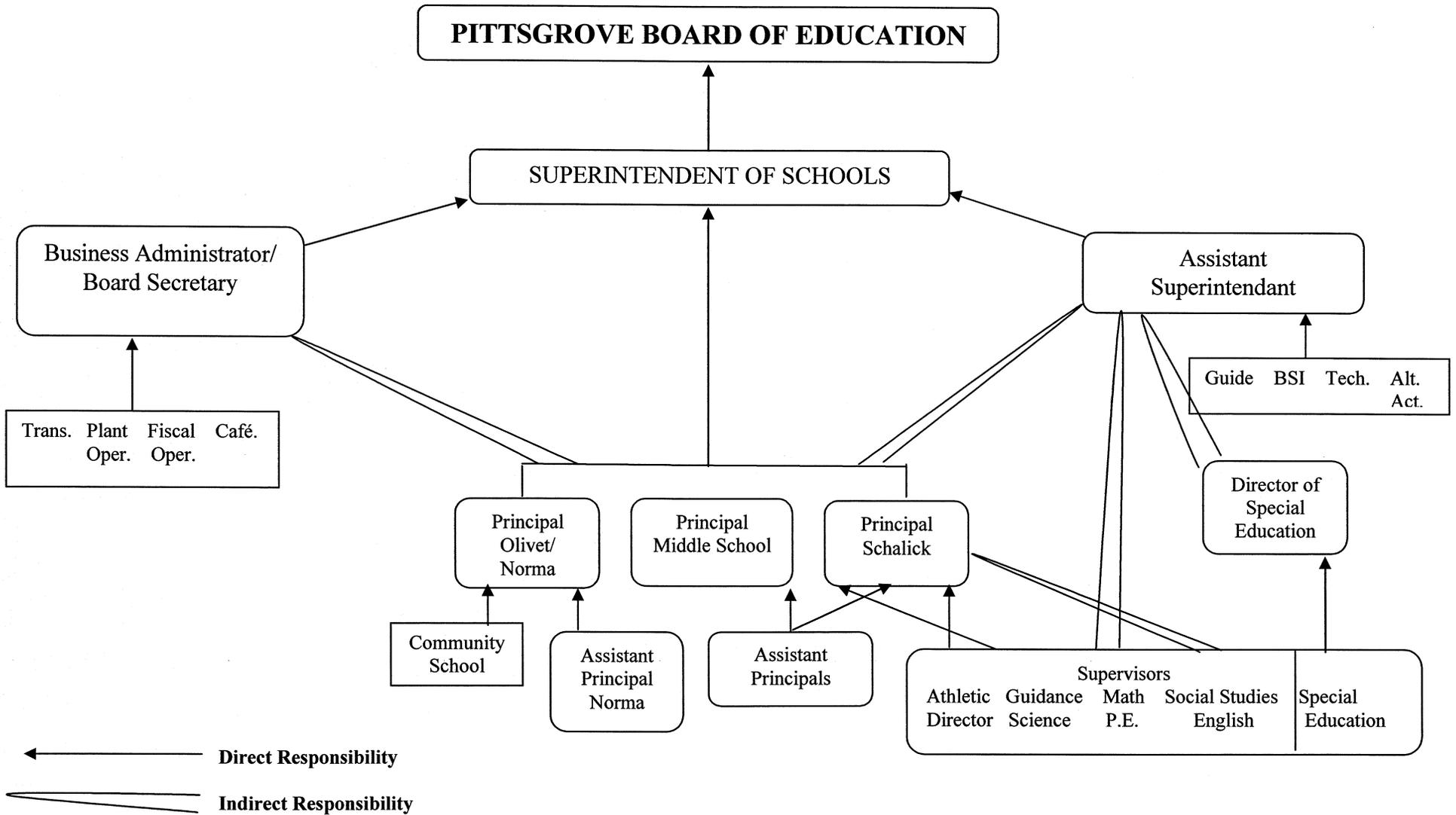


Henry Bermann
Superintendent of Schools



Suzanne R. Fox Abdill
School Business Administrator/
Board Secretary

**ADMINISTRATOR/SUPERVISOR
RESPONSIBILITY AND ORGANIZATION**



PITTSBORO TOWNSHIP BOARD OF EDUCATION
PITTSBORO, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2012

<u>Board Members Name</u>	<u>Position</u>	<u>Term Expires</u>
Melissa A. Conover	President	2014
Cheryl Berwick	Vice President	2012
Larry May	Board Member	2012
William H Rumpff	Board Member	2014
Guenter Schmidt	Board Member	2013
Marlene Smith	Board Member	2013
Patricia Schneider	Board Member (Elmer Representative)	2012
Patricia Snyder	Board Member	2012
Nedd J. Johnson, Sr.	Board Member	2012
Dominick Miletta, III	Board Member	2014
<u>Other Officials</u>		<u>Amount of Bond</u>
Henry Bermann	Superintendent	\$ 250,000
Suzanne R. Fox Abdill	Business Administrator/ Board Secretary	250,000
Lipman, Antonelli, Batt, Gilson Rothman & Capasso	General Council	
Parker, McCay, Pa	General Council	

TOWNSHIP OF PITTSBORO BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

ARCHITECT

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Nightlinger, Colavita and Volpa, PA
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Bond Counsel
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Labor Relations & Negotiations
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Kalac, Barger & Bacigalupo, LLC
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Woodbridge, NJ 08830

TOWNSHIP OF PITTSBORO BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

ATTORNEY (Cont'd)

Special Counsel

Mr. Vito A Gagliardi, Jr.
Porzio, Bromberg & Newman, P.C
100 Southgate Parkway
Morristown, NJ 07962

OFFICIAL DEPOSITORY

First National Bank of Elmer

P.O. Box 980
Elmer, NJ 08318

Susquehanna Bank

Upper Deerfield Office
950 N. Pearl Street
Bridgeton NJ, 08302

The Bank

FISCAL AGENT

Parker, McCay & Criscuolo, P.C.

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FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association
Certified Public Accountants

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Williamstown, NJ 08094

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

November 1, 2012

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Pittsgrove Township School District
County of Salem
Pittsgrove, NJ 08318

Mesdames and Gentlemen:

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 Township of Pittsgrove School District in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the Township of Pittsgrove School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Pittsgrove 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 Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Township of Pittsgrove Board of Education in the County of Salem, State of New Jersey, as of June 30, 2012, 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 a report dated November 1, 2012 on our consideration of the Township of Pittsgrove Board of Education's internal control over financial reporting and 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 12 through 22 and 57 through 64 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 statements, is required by the Governmental Accounting Standards Board, who considers it to be essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Pittsgrove Board of Education's, basic financial statements as a whole. The introductory section, combining fund financial statements, long-term debt schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. 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*, and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, long-term debt schedules and the schedules of expenditures of federal and state assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedure applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections 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 or provide any assurance on them.

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

**PITTSGROVE TOWNSHIP SCHOOL DISTRICT
PITTSGROVE TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

UNAUDITED

The discussion and analysis of Pittsgrove Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2012 are as follows:

- ❖ General revenues of the District accounted for \$26,122,646 in revenue or 80.5% 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 \$6,309,513 or 19.5% percent to total revenues of \$32,432,159.
- ❖ Total net assets of governmental activities decreased by \$553,173 comprised of changes in cash and cash equivalents, receivables, inventory, unamortized debt issue cost, and capital assets. The net assets of the Business-type Activities increased by \$38,947.
- ❖ The School District had \$31,798,133 in total expenses, of which only \$6,309,513 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 \$26,121,911 were adequate to provide for these programs. These revenues and expenses include the Business-type Activities.
- ❖ The General Fund had \$26,528,990 in revenues, \$26,592,317 in expenditures and \$532,416 in net other financing sources. Other financing sources represented \$41,906 transferred to charter schools, \$59,880 transferred to the Food Service Enterprise Fund, capital lease proceeds of \$633,056 and capital fund interest earnings of \$1,146. The General Fund balance increased by \$469,089 over 2011. This increase was anticipated by the Board of Education.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Pittsgrove Township School District as a financial whole as well as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School district, presenting both an aggregate view of the School district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Pittsgrove Township School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains numerous funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2012?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. 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, 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 25. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School district's general government operations and the basic services it provides.

Governmental Funds (Continued)

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore these statements are essentially the same.

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole, which includes the Business-type Activities.

Table 1 provides a comparative summary of the School District's net assets for the years ended in 2012 and 2011.

Table 1
Net Assets

	<u>2012</u>	<u>2011</u>
Assets		
Current and other assets	\$ 3,749,881	\$ 4,884,395
Capital assets, net	17,596,976	17,150,266
	<u>21,346,857</u>	<u>22,034,661</u>
Total Assets		
Liabilities		
Other liabilities	3,212,364	4,954,780
Non-current liabilities	11,619,214	11,156,722
	<u>14,831,578</u>	<u>16,111,502</u>
Total Liabilities		
Net Assets		
Invested in capital assets, net of debt	6,765,142	6,760,829
Restricted	1,194,025	728,346
Unrestricted	(1,443,888)	(1,566,016)
	<u>6,515,279</u>	<u>5,923,159</u>
Total net assets	\$ 6,515,279	\$ 5,923,159

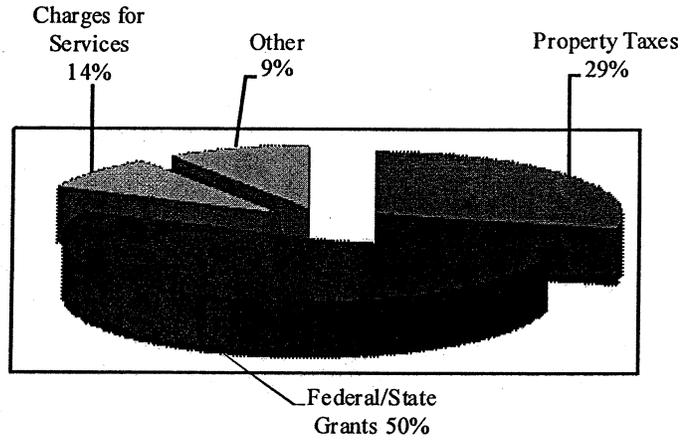
Table 2 shows the changes in net assets from fiscal year's 2012 and 2011.

Table 2
Changes in Net Assets

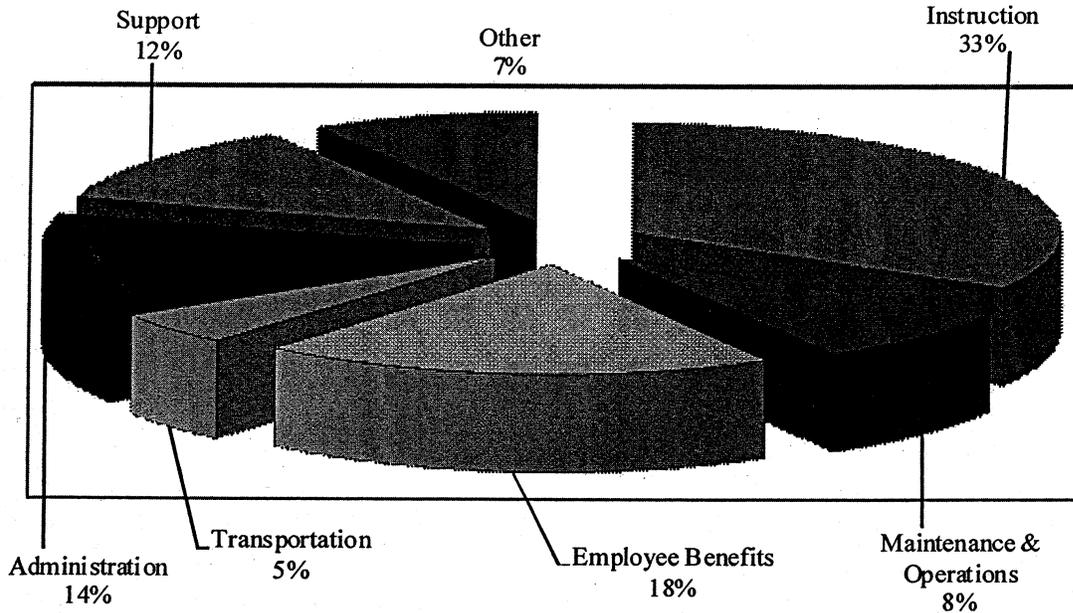
	2012	2011
Revenues		
Programs revenues		
Charges for services	\$ 3,164,419	\$ 2,760,005
Operating grants and contributions	3,145,094	2,849,439
General Revenues		
Property taxes	9,056,948	9,066,920
Grants and entitlements	13,752,737	13,956,827
Other	3,271,055	3,004,417
Total Revenues	32,390,253	31,637,608
Program Expenses		
Instruction	10,566,930	10,192,711
Support Services		
Pupils and instructional staff	3,482,552	3,630,113
General administration, school administration, business	4,311,098	4,199,991
Operations and maintenance of Facilities	2,556,330	2,526,263
Pupil Transportation	1,612,043	1,445,650
Employee Benefits	6,287,693	5,912,097
Interest on debt	347,045	396,553
Food Service and Child Care	925,007	919,553
Other	1,709,435	1,299,674
Total Expenses	31,798,133	30,522,605
(Decrease) Increase in net assets	\$ 592,120	\$ 1,115,003

The breakdown by percentage of revenues and expenditures of the entire district as a whole for the fiscal year ended June 30, 2012 are illustrated in the two charts shown on the following page:

Revenues for Fiscal Year 2012



Expenses for Fiscal Year 2012



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 total governmental revenues of the Pittsgrove Township School District for fiscal year 2012, excluding business-type activities, were \$26,121,911. The District's Property taxes made up 34.7% percent of these net revenues for governmental activities. Unrestricted Federal, state and local grants accounted for another 52.6%. The total cost of services was \$30,873,126. The net cost of all governmental programs and services, which excludes charges for services and operating grants, was \$25,466,952. Instruction comprises 38.6% of these net 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 2012</u>	<u>Net Cost of Services 2012</u>	<u>Total Cost of Services 2011</u>	<u>Net Cost of Services 2011</u>
Instruction	\$ 10,566,930	\$ 9,827,201	\$ 10,192,711	\$ 9,391,995
Tuition	515,590	515,590	604,526	604,526
Support Services				
Pupils and instructional staff	2,966,962	2,791,622	3,025,587	2,754,503
General administration, school administration, business	4,706,000	2,408,589	4,199,991	2,388,550
Operation and maintenance of facilities	2,556,330	2,530,759	2,526,263	2,508,084
Pupil Transportation	1,612,043	1,424,007	1,445,650	1,253,632
Employee Benefits	6,287,693	4,307,606	5,912,097	4,285,833
Special schools	93,866	93,866	101,308	101,308
Interest and fiscal charges	353,555	353,555	396,553	396,553
Other	1,214,157	1,214,157	1,198,366	1,198,366
Total Expenses	<u>\$ 30,873,126</u>	<u>\$ 25,466,952</u>	<u>\$ 29,603,052</u>	<u>\$ 24,883,350</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.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District as well as internal service fund expenses.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition as well as internal service fund expenses.

Curriculum and staff development expenses (included in support services) related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law as well as internal service fund expenses.

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.

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

Other includes unallocated depreciation and amortization of debt issue costs.

Business-Type Activities

Revenues for the District’s business-type activities (Food Service and SACC programs) were comprised of charges for services and federal and state reimbursements.

- ❖ Expenses exceeded program revenues by \$21,668. This deficit was offset by a board subsidy of \$59,880 and miscellaneous revenue of \$735, resulting in a negative change in net assets of \$38,947.
- ❖ Charges for services represent \$576,029 of revenue. This represents amount paid by patrons for daily food services and SACC activities.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were \$327,310.

The School District’s Funds

Information about the School District’s major funds starts on page 25. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$28,939,468, expenditures of \$29,505,508 and other financing uses of \$101,786 and Capital Lease proceeds of \$1,133,056. The net positive change in Governmental fund balances for the year was \$1,031,270, which includes \$532,416 in the General fund and \$10,918 in the Capital Projects fund that had funds available from the prior year. 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 (excluding capital projects and permanent scholarship funds) for the fiscal year ended June 30, 2012, 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 2011</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 12,356,498	43.63%	\$ 296,824	2.78%
State Sources	14,711,987	51.95%	805,779	5.67%
Federal Sources	1,253,393	4.43%	374,817	46.84%
Total	\$ 28,321,878	100.00%	\$ 1,477,420	5.75%

The increase in Local sources is attributed to increases in tuition revenue of \$273,675 and other miscellaneous revenues of \$33,823, offset by a decrease in interest earned of \$702 and local tax levy of \$9,972.

The increase in State sources is attributed to increases in various state public aid of \$464,005, an increase in on-behalf TPAF Pension and Social Security Contributions of \$336,433 and debt service aid of \$5,341.

The above schedule includes the last two state aid payments for 2010-2011 of \$1,133,094 received in July 2011 and does not include the last two state aid payments for 2011-2012 received in July 2012 in the amount of \$1,084,732.

The increase in Federal sources is due to the addition of \$443,855 in Education Jobs Fund aid and \$76,221 for various other special revenue grants, offset by reduced ARRA funding of \$145,259. In addition, the 2012 figures do not include deferred revenue in accordance with GAAP accounting.

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2012 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 2011</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 10,355,513	36.45%	\$ 118,082	1.15%
Undistributed expenditures	16,206,382	57.05%	697,428	4.73%
Capital Outlay	835,038	2.94%	668,613	54.62%
Debt Service:				
Principal	579,021	2.04%	42,098	8.81%
Interest	339,215	1.19%	(22,899)	-6.05%
Special Schools	93,866	0.33%	(7,442)	-10.13%
Total	<u>\$ 28,409,035</u>	<u>100.00%</u>	<u>\$ 1,495,880</u>	<u>5.50%</u>

The increase in instructional expenditures is attributed to increases in Special education instruction of \$21,434, other instructional expenses of \$39,970 and other special instruction expenses of \$133,433, offset by decreases in Regular instruction of \$15,768 and in Special Revenue grants of \$60,987.

The increase in undistributed expenditures was due to increases in student and instruction related services of \$80,567, pupil transportation of \$265,859, central service costs of \$76,351, plant operations and maintenance of \$71,985 and employee benefit cost of \$328,840, offset by decreases in tuition costs of \$88,936, School administration costs of \$3,592 and other administration cost of \$33,646.

The increase in capital outlay is attributed to increased capital lease purchases of \$633,056, general fund purchases of \$37,347, capital lease principal payments of \$5,051 and special revenue fund instructional equipment of \$3,120, offset by a decrease in other fiscal charges of \$9,961.

The increase in debt service is the result of increased interest and principal payments on debt obligations.

The decrease in special schools is attributed to the decrease in teachers salaries of \$11,185, offset by decreased cost for other salaries for instruction of \$1,092, professional services of \$1,743, general supplies of \$779 and employee benefits of \$129.

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 2012, 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 budget for the general fund anticipated that revenues, including surplus appropriated, would roughly equal expenditures, the actual results for the year show an increase in surplus of \$420,727 as shown on Exhibit C-1.

- ❖ Actual revenues were \$499 less than expected, excluding on-behalf pension and social security reimbursements of \$1,929,653, resulting in a positive variance of \$1,929,154.
- ❖ Actual expenditures were \$229,739 less than expected and shows that there were favorable variances in most expenditure accounts. This excludes state on-behalf pension and social security reimbursements of \$1,929,653.

Capital Assets

At the end of the fiscal year 2012, the School District had \$17,596,976 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2012 balances compared to 2011.

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

	<u>2012</u>	<u>2011</u>
Land	\$ 196,431	\$ 196,431
Construction in Progress	3,178,984	2,958,272
Land Improvements	333,632	452,369
Building and Improvements	12,573,693	12,450,258
Buses	543,174	458,921
Furniture and Equipment	771,062	634,015
Totals	<u>\$ 17,596,976</u>	<u>\$ 17,150,266</u>

Overall capital assets increased \$446,710 from fiscal year 2011 to fiscal year 2012. Increases in capital assets by purchase or construction were \$1,094,223 in the Capital projects Fund, \$55,018 in the General Fund, \$10,351 in the Special Project Fund, \$21,100 in the Food Service Enterprise Fund and \$526,764 through capital leases. These additions were offset by depreciation expenses of \$1,260,746 for the year.

Debt Administration:

At June 30, 2012, the District's outstanding debt was \$11,617,319 and included \$7,800,000 of general obligation bonds, \$134,925 in NJEDA Loans, \$90,000 in early retirement bonds, \$785,485 in compensated absences and \$2,806,909 in capital leases. The two New Jersey Economic Development Loans were issued on August 18, 1993 of which the proceeds were placed in the District's capital project buildings and grounds. These improvements involved renovations of the High School including 75% of the cost of replacing the roof, installation of energy efficient lighting, replacement of the heating system in the gymnasium and replacement of the cooling tower.

At June 30, 2012, the School District's overall legal debt margin was \$27,011,045 and the amount available in the debt margin for future borrowing was \$18,986,120.

<u>Description</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Amount Outstanding June 30, 2012</u>
NJ EDASmall Projects Loan	8/18/1993	\$ 643,819	\$ 134,925
Construction of additions and other improvements to Middle School	5/1/1999	6,950,000	4,125,000
Various Improvements to the Elementary Schools, Middle School and High School	3/1/2005	2,064,000	1,859,000
Early Retirement Bonds	7/1/2003	520,000	90,000
2011 Various Capital Expenditures	12/18/2009	1,856,000	1,816,000

For the Future

Presently the Pittsgrove Township School District is in good financial condition. This statement is made in the context of strict growth limitations. Financing current programs in the future is the major concern for the administration and the Board of Education. A new funding structure that has increased reliance on property taxes adds to this concern. The future financing of educational programming will require Pittsgrove Township to make some difficult decisions regarding the allocation of its resources.

The Board of Education continues its commitment to providing quality schooling for the children of Pittsgrove Township. Recent literacy, technology, and reduced class size initiatives attest to the fact. However, with resources being finite, and the continued pressure of federal and state mandated programs, the future is not without challenge. Pittsgrove Township is primarily a residential community, with very few ratables; thus the homeowner bears the tax burden. The current down turn in the economy has impacted future State funding to the school, this has made the budget process more challenging. During this year's budget process, it will be the concern of the administration and Board of Education to conduct a program review of all costs centers in the district.

In conclusion, the Pittsgrove Township School District has committed itself to fiscal responsibility for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls meet all industry standards and are functioning well. The School District plans to continue its sound fiscal practice, while recognizing the challenge of 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, Suzanne R. Fox Abdill, School Business Administrator at Pittsgrove Township Board of Education.

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.

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,579,382	\$ 123,248	\$ 1,702,630
Cash on-hand with Fiscal Agent	106,292		106,292
Receivables, net	1,430,058	110,500	1,540,558
Inventory	303,020	11,485	314,505
Unamortized Debt Issue Costs	83,195		83,195
Restricted assets:			
Capital reserve account - cash	2,701		2,701
Capital assets, net (Note 5)	17,576,931	20,045	17,596,976
	<hr/>	<hr/>	<hr/>
Total Assets	21,081,579	265,278	21,346,857
	<hr/>	<hr/>	<hr/>
LIABILITIES			
Accounts payable	655,047	186,893	841,940
Interfund Payable	2,750		2,750
Short-Term Loan Payable	1,091,662		1,091,662
Accrued Interest Payable	118,990		118,990
Deferred revenue	1,141,041	15,981	1,157,022
Noncurrent liabilities (Note 6):			
Due within one year	1,151,424	1,895	1,153,319
Due beyond one year	10,465,895		10,465,895
	<hr/>	<hr/>	<hr/>
Total Liabilities	14,626,809	204,769	14,831,578
	<hr/>	<hr/>	<hr/>
NET ASSETS			
Invested in capital assets, net of related debt	6,745,097	20,045	6,765,142
Restricted for:			
Capital projects	334,805		334,805
Capital Reserve	2,701		2,701
Permanent endowment - nonexpendable	91,252		91,252
Other purposes	765,267		765,267
Unrestricted	(1,484,352)	40,464	(1,443,888)
	<hr/>	<hr/>	<hr/>
Total Net Assets	\$ 6,454,770	\$ 60,509	\$ 6,515,279
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**PITTSBORO TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Regular	\$ 7,794,480	\$	\$ 739,729	\$ (7,054,751)	\$	\$ (7,054,751)
Special education	1,997,959			(1,997,959)		(1,997,959)
Other special instruction	398,908			(398,908)		(398,908)
Other instruction	375,583			(375,583)		(375,583)
Support services:						
Tuition	515,590			(515,590)		(515,590)
Student & instruction related services	2,966,962	77,372	97,968	(2,791,622)		(2,791,622)
School administrative services	1,131,465			(1,131,465)		(1,131,465)
General and business admin. services	2,301,980	1,809,428		(492,552)		(492,552)
Central Services and Information Tech.	877,653	109,440		(768,213)		(768,213)
Plant operations and maintenance	2,556,330	25,571		(2,530,759)		(2,530,759)
Pupil transportation	1,612,043	188,036		(1,424,007)		(1,424,007)
Business Support Services	394,902	378,543		(16,359)		(16,359)
Employee Benefits	6,287,693		1,980,087	(4,307,606)		(4,307,606)
Special Schools	93,866			(93,866)		(93,866)
Interest on long-term debt	347,045			(347,045)		(347,045)
Amortization of Debt Issue Costs	6,510			(6,510)		(6,510)
Unallocated depreciation	1,214,157			(1,214,157)		(1,214,157)
Total governmental activities	30,873,126	2,588,390	2,817,784	(25,466,952)		(25,466,952)
Business-type activities:						
Food Service	779,706	425,683	327,310		(26,713)	(26,713)
Child Care	145,301	150,346			5,045	5,045
Total business-type activities	925,007	576,029	327,310		(21,668)	(21,668)
Total primary government	\$ 31,798,133	\$ 3,164,419	\$ 3,145,094	(25,466,952)	(21,668)	(25,488,620)
General revenues:						
Taxes:						
Property taxes, levied for general purposes, net				8,483,060		8,483,060
Taxes levied for debt service				573,888		573,888
Federal and State aid not restricted				13,752,737		13,752,737
Tuition received				3,040,004		3,040,004
Investment Earnings				11,597	735	12,332
Miscellaneous Income				260,398		260,398
Debt Adjustment				6,568		6,568
Cancellation of Accounts Receivable				(6,341)		(6,341)
Transfer to Charter School				(41,906)		(41,906)
Transfers				(59,880)	59,880	
Total general revenues, special items, extraordinary items and transfers				26,020,125	60,615	26,080,740
Change in Net Assets				553,173	38,947	592,120
Net Assets—Beginning				5,901,597	21,562	5,923,159
Net Assets—Ending				\$ 6,454,770	\$ 60,509	\$ 6,515,279

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

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 506,499	\$ 144,300	\$ 40,207	\$ 2	\$ 94,002	\$ 785,010
Due from other funds	794,106					794,106
State Aid Receivable	48,779					48,779
Federal Aid Receivable	50,306	126,189				176,495
Receivables from other governments	110,475		920,430			1,030,905
Other Accounts Receivable	13,448					13,448
Restricted cash - Capital Reserve	2,701					2,701
Total Assets	\$ 1,526,314	\$ 270,489	\$ 960,637	\$ 2	\$ 94,002	\$ 2,851,444
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 457,916	\$ 28,620		\$		\$ 486,536
Short-term Loan Payable	1,091,662					1,091,662
Due to Other Governments		420				420
Other Liabilities	10,076					10,076
Interfund payable	59,930	214,157	564,684		2,750	841,521
Deferred revenue		34,222				34,222
Total Liabilities	1,619,584	277,419	564,684		2,750	2,464,437
Fund Balances:						
Restricted For:						
Capital reserve	2,701					2,701
Committed to Year-End Encumbrances	604,755		167,440			772,195
Unassigned, Reported In:						
General fund	(700,726)					(700,726)
Special revenue fund		(6,930)				(6,930)
Capital projects fund			228,513			228,513
Debt Service Fund				2		2
Permanent fund					91,252	91,252
Total Fund Balances	(93,270)	(6,930)	395,953	2	91,252	387,007
Total Liabilities and Fund Balances	\$ 1,526,314	\$ 270,489	\$ 960,637	\$ 2	\$ 94,002	

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 \$37,760,607 and the accumulated depreciation is \$20,183,676 (See Note 5).	17,576,931
Accrued interest is not payable within the current year and therefore, not reported in the funds.	(118,990)
Unamortized Debt Issue Costs are not reported in the funds.	83,195
Internal Service Fund - Reserve for Encumbrances	37,654
Capital Lease Escrow Proceeds on Hand	106,292
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6).	(11,617,319)
Net assets of governmental activities	\$ 6,454,770

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

PITTSBORO TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
REVENUES						
Local sources:						
Local tax levy	\$ 8,483,060	\$	\$	\$ 573,888	\$	\$ 9,056,948
Tuition charges	3,030,411					3,030,411
Tuition from State of New Jersey	9,593					9,593
Interest Earned	9,998		1,146		453	11,597
Miscellaneous	221,925	27,623			10,850	260,398
Total - Local Sources	11,754,987	27,623	1,146	573,888	11,303	12,368,947
State Sources	14,322,169	69,300	605,141	320,518		15,317,128
Federal Sources	451,834	801,559				1,253,393
Total Revenues	26,528,990	898,482	606,287	894,406	11,303	28,939,468
EXPENDITURES						
Current:						
Regular instruction	6,843,334	739,729				7,583,063
Special education instruction	1,997,959					1,997,959
Other special instruction	398,908					398,908
Other instruction	375,583					375,583
Support services:						
Tuition	515,590					515,590
Student & instruction related services	2,789,372	97,968			2,250	2,889,590
Other administrative services	525,446					525,446
School administrative services	1,131,465					1,131,465
Central Services and Information Technology	770,183					770,183
Plant operations and maintenance	2,580,069					2,580,069
Pupil transportation	1,528,691					1,528,691
Employee benefits	6,217,164	50,434				6,267,598
Debt service:						
Principal				579,021		579,021
Interest and other charges				339,215		339,215
Capital outlay	824,687	10,351	1,094,223			1,929,261
Special Schools	93,866					93,866
Total expenditures	26,592,317	898,482	1,094,223	918,236	2,250	29,505,508
Excess (Deficiency) of revenues over expenditures	(63,327)	-	(487,936)	(23,830)	9,053	(566,040)
OTHER FINANCING SOURCES (USES)						
Transfer - Food Service	(59,880)					(59,880)
Transfer of Funds to Charter School	(41,906)					(41,906)
Capital Lease Proceeds	633,056		500,000			1,133,056
Interest Earned Transferred to General Fund	1,146		(1,146)			
Total other financing sources and uses	532,416		498,854			1,031,270
Net change in fund balances	469,089	-	10,918	(23,830)	9,053	465,230
Fund Balance—July 1	(562,359)	(6,930)	385,035	23,832	82,199	(78,223)
Fund Balance—June 30	\$ (93,270)	\$ (6,930)	\$ 395,953	\$ 2	\$ 91,252	\$ 387,007

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

PITTSBORO TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Total net change in fund balances - governmental funds (from B-2) \$ 465,230

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 \$	(1,259,691)	
	Payment of Capital Lease in Operating Budget	249,212	
	Capital outlays	1,915,418	
			904,939

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 579,021

Increase in Compensated Absences is not considered an expense in the fund statements. (20,095)

In the statement of activities, interest on long-term debt is accrued, regardless of when it is due. In the governmental funds, interest is charged when payment is due. 6,013

Proceeds from a capital lease are considered a financing source in the governmental funds. They are not, however, a revenue in the statement of activities, whereby issuing debt increases long-term liabilities in the statement of Net Assets. (1,399,968)

Cancellation of the balance in a capital lease is not a financing source in the governmental funds but a revenue in the statement of activity. 6,568

Bond Issue 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. (6,510)

Internal Service Fund - Increase in Reserve for Encumbrances 17,975

Change in net assets of governmental activities (See A-2) **\$ 553,173**

PROPRIETARY FUNDS

PITTSBORO TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Food Service	SACC Program	Totals	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 38,883	\$ 38,665	\$ 77,548	\$ 840,072
Accounts receivable	92,214	18,286	110,500	160,378
Interfund receivable	59,930		59,930	
Inventories	11,485		11,485	303,020
Total current assets	202,512	56,951	259,463	1,303,470
Noncurrent assets:				
Furniture, machinery & equipment	222,166		222,166	
Less accumulated depreciation	(202,121)		(202,121)	
Total noncurrent assets	20,045		20,045	
Total assets	222,557	56,951	279,508	1,303,470
LIABILITIES				
Current liabilities:				
Accounts payable	186,565	328	186,893	144,157
Interfund Payable		14,230	14,230	982
Other Current Liabilities		1,895	1,895	13,858
Deferred Revenue	15,947	34	15,981	1,106,819
Total liabilities	202,512	16,487	218,999	1,265,816
NET ASSETS				
Invested in capital assets net of related debt	20,045		20,045	
Restricted for:				
Encumbrances				37,654
Unrestricted		40,464	40,464	
Total net assets	\$ 20,045	\$ 40,464	\$ 60,509	\$ 37,654

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

PITTSBORO TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Fund			Governmental Activities - Internal Service Fund
	Food Service	SACC Program	Total Enterprise	
Operating revenues:				
Charges for services:				
Daily sales - reimbursable programs	\$ 268,735		\$ 268,735	\$
Daily sales - non-reimbursable programs	123,733		123,733	
Special functions	31,551		31,551	
Other School Districts	-		-	
Miscellaneous	1,664		1,664	
Service Charges		150,346	150,346	2,551,882
Total operating revenues	425,683	150,346	576,029	2,551,882
Operating expenses:				
Cost of sales	296,643		296,643	
Salaries	227,710	128,210	355,920	429,084
Employee benefits	61,067	9,985	71,052	62,620
Purchased Professional/ Technical Services				140,200
Other purchased services				174,231
Supplies and Materials	29,242		29,242	1,755,070
Management Fees	53,734		53,734	
Insurance	28,513		28,513	
Miscellaneous Other Costs	81,742	7,106	88,848	2,869
Depreciation	1,055		1,055	
Total Operating Expenses	779,706	145,301	925,007	2,564,074
Operating income (loss)	(354,023)	5,045	(348,978)	(12,192)
Non-operating revenues (expenses):				
State sources:				
State school lunch program	8,186		8,186	
Federal sources:				
National school lunch program	225,336		225,336	
National school breakfast program	41,432		41,432	
Special milk program	1,238		1,238	
Food distribution program	51,118		51,118	
Transfer to Deferred Revenue				36,508
Cancellation of Accounts Receivable				(6,341)
Interest and miscellaneous items	440	295	735	
Total non-operating revenues (expenses)	327,750	295	328,045	30,167
Income (loss) before contributions & transfers	(26,273)	5,340	(20,933)	17,975
Transfers in (out)	59,880		59,880	
Change in net assets	33,607	5,340	38,947	17,975
Total net assets—beginning	(13,562)	35,124	21,562	19,679
Total net assets—ending	\$ 20,045	\$ 40,464	\$ 60,509	\$ 37,654

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

PITTSBURGH TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Food Service	SACC Program	Total Enterprise	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 425,683	\$ 155,244	\$ 580,927	\$ 2,552,413
Payments to employees	(227,710)	(128,210)	(355,920)	(429,084)
Payments for employee benefits	(61,067)	(9,985)	(71,052)	(62,620)
Payments to suppliers	(471,059)	(20,802)	(491,861)	(2,132,082)
Net cash provided by (used for) operating activities	(334,153)	(3,753)	(337,906)	(71,373)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Sources	8,186		8,186	
Federal Sources	268,006		268,006	
Operating subsidies and transfers to other funds	59,880		59,880	
Net cash provided by (used for) non-capital financing activities	336,072		336,072	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(21,100)		(21,100)	
Net cash provided by (used for) capital and related financing activities	(21,100)		(21,100)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	440	295	735	
Proceeds from sale/maturities of investments				
Net cash provided by (used for) investing activities	440	295	735	
Net increase (decrease) in cash and cash equivalents	(18,741)	(3,458)	(22,199)	(71,373)
Balances—beginning of year	57,624	42,123	99,747	911,445
Balances—end of year	\$ 38,883	\$ 38,665	\$ 77,548	\$ 840,072
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (354,023)	\$ 5,045	\$ (348,978)	\$ (12,192)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	1,055		1,055	
Federal commodities	51,118		51,118	
(Increase) decrease in accounts receivable, net	(41,324)	4,898	(36,426)	(30,084)
(Increase) decrease in interfund receivable	(57,080)		(57,080)	
(Increase) decrease in inventories	(4,553)		(4,553)	(113,383)
Increase (decrease) in accounts payable	66,014	69	66,083	81,670
Increase (decrease) in deferred revenue	4,640	(997)	3,643	(34,237)
Increase (decrease) in interfund payable		(12,768)	(12,768)	345
Transfers to Deferred Revenue				36,508
Total adjustments	19,870	(8,798)	11,072	(59,181)
Net cash provided by (used for) operating activities	\$ (334,153)	\$ (3,753)	\$ (337,906)	\$ (71,373)

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

FIDUCIARY FUNDS

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$ 94,002	\$ 159,920
Due from Scholarship Fund		2,750
	<hr/>	<hr/>
Total assets	94,002	162,670
	<hr/>	<hr/>
LIABILITIES		
Due to Student Activity Fund	2,750	
Payroll deductions and withholdings		13,780
Due to Current Fund		53
Payable to student groups		148,837
	<hr/>	<hr/>
Total liabilities	2,750	\$ 162,670
	<hr/>	<hr/>
NET ASSETS		
Reserved for scholarships	\$ 91,252	
	<hr/>	

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

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Private Purpose Scholarship Fund</u>
ADDITIONS	
Contributions	\$ 10,850
Investment earnings:	
Interest	453
	<hr/>
Total additions	11,303
DEDUCTIONS	
Scholarships awarded	2,250
	<hr/>
Change in net assets	9,053
Net assets—beginning of the year	82,199
	<hr/>
Net assets—end of the year	\$ 91,252
	<hr/> <hr/>

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

REQUIRED SUPPLEMENTARY INFORMATION – PART II

**PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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 sixty-five square miles. It is located in Salem County and provides education for all of Pittsgrove Township's grades K through 12. The District currently operates four instructional buildings, an administrative building, and a special services building.

A. Reporting Entity:

The 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 is comprised of nine members elected to three-year terms and one sending district member appointed annually. The purpose of the district is to educate students in grades K-12. The School District had an approximate enrollment at June 30, 2012 of 1,815 students.

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 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).

**PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

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

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*.

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 opinion 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.

**PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

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

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 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.

GOVERNMENTAL FUND TYPE

The focus of Governmental Fund measurement is upon determination of financial position and changes in financial position, (sources, uses and balances of financial resources) rather than upon net income. The District reports the following major governmental funds:

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

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

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

B. Fund Accounting (Cont'd):

GOVERNMENTAL FUND TYPE (CONT'D)

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 FUND TYPE

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:

Enterprise (Food Service and SACC) 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 the School Age Child 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:

Food Service Fund:	
Equipment	7-20 Years

**PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

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

B. Fund Accounting (Cont'd):

PROPRIETARY FUND TYPE (CONT'D)

Internal Service Fund - The Internal Service Fund has been established to account for various services provided by the Pittsgrove Township School District for use by various other districts within and outside of the County of Salem, as well as for the Pittsgrove Township School District itself. Services are generally provided on a cost-reimbursement basis.

The district implemented the use of internal service funds for the following:

- Business Services
- Internet Access
- Distance Learning Hub
- Transportation Jointure and Maintenance for other school districts
- Joint paper purchasing for other school districts
- Art Academy
- Custodial Services – Through October, 2009

FIDUCIARY FUND TYPE

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 the 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 following is a description of the Fiduciary Funds of the School District:

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. Expendable Trust Funds include the Unemployment Compensation Insurance fund.

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. The District maintains a Scholarship Fund as a Nonexpendable Trust Fund.

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.

**PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

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

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 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 the principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of 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 the 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.

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.

**PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

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.

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

The following presents 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 Revenues 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. Note that the district does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payment. The general fund statement of revenue reflects the last state aid payment of the prior year, which was received in July 2011 as revenue, but omits the last state aid payment of the current 2011-12 year received in July 2012.

E. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than 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.

**PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

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

F. Tuition Receivable:

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition Payable:

Tuition charges for the fiscal years 2011-12, 2010-11 and 2009-10 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as expenditure during the year of purchase.

On district-wide financial statements and in the Enterprise Fun inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

I. Short -Term Interfund Receivables/Payables:

Short-term 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.

J. 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 expended when used. Of the \$11,485 in inventory reflected as of June 30, 2012, Federal Commodity Food in the amount of \$3,352. Per agreement with the management service company, supply and purchased food inventory is owned by the management company. Supply and purchased food consumed by the district is billed to the district in the period consumed. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

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 non-operating revenue in the financial statements.

**PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

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

Capital Assets - The District is establishing a formal system of accounting for its capital assets. Capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. Capital assets acquired or constructed prior to June 30, 2003 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Capital assets are reflected as expenditures in the applicable governmental funds. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated in the district-wide financial statements using the straight-line method 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

K. Compensated Absences:

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

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the Long-Term Debt.

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

L. Deferred Revenue:

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

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

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

M. 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.

N. Allocation of Indirect Expenses:

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

O. Extraordinary and Special Items:

Extraordinary items are transactions or events, 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.

P. 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.

Q. 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.

R. 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.

PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

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

S. 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.

T. Net Assets:

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

U. Fund Balance Reserves:

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.

V. Revenues – Exchange and Non-exchange Transactions:

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

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.

**PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

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

V. Revenues – Exchange and Non-exchange Transactions: (Cont'd)

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.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 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.

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%.

**PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

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

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 or other obligations of the school district.

As of June 30, 2012, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>
Checking accounts	\$ 1,689,627
N.J. Cash Management Fund	269,626
	<hr/>
Total	\$ 1,959,253
	<hr/> <hr/>

Custodial Credit Risk - Custodial Credit Risk is the risk that, in the event of a bank failure, the School Districts deposits may not be returned to it. Although the School 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. As of June 30, 2012, the School Districts bank balance of \$3,088,214 was insured or collateralized as follows:

Insured	\$ 500,000
Uninsured and collateralized under GUDPA by pledging financial institutions	<hr/> 2,588,214
	\$ 3,088,214
	<hr/> <hr/>

PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

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

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The District does not have a policy that restricts investment choices beyond Title 18A:20-37.

New Jersey Cash Management Fund – During the fiscal year, the School District participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2012, the District had \$269,626 on deposit with the New Jersey Cash Management Fund.

NOTE 4. CAPITAL RESERVE ACCOUNT

Capital reserve accounts may be established by New Jersey school districts for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. A capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or un-expended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to *N.J.A.C. 6A:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support cost of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning Balance July 1, 2011	\$2,675
Interest Earnings	26
Withdrawal: Transfer to the Debt Service Fund	(0)
Ending balance June 30, 2012	<u>\$ 2,701</u>

The June 30, 2012 balance in the Capital Reserve Account is within the maximum balance per the districts' LRFP. There was no withdrawal from the account during the school year ended June 30, 2012.

**PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 5. CAPITAL ASSETS

The Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance 7/1/2011	Additions	Transfer	Balance 6/30/2012
Governmental activities:				
Capital Assets That Are Not Being Depreciated:				
Land	\$ 196,431	\$	\$	\$ 196,431
Construction in progress	2,958,272	220,712		3,178,984
Total capital assets not being depreciated	3,154,703	220,712		3,375,415
Land improvements	2,107,434			2,107,434
Building and building improvements	22,243,549	960,964		23,204,513
Buses	1,915,881	252,000		2,167,881
Furniture and equipment	6,652,684	252,680		6,905,364
Totals at historical cost	32,919,548	1,465,644		34,385,192
Less accumulated depreciation for :				
Land improvements	(1,655,065)	(118,737)		(1,773,802)
Building and improvements	(9,793,291)	(837,529)		(10,630,820)
Buses	(1,456,960)	(167,747)		(1,624,707)
Furniture and Equipment	(6,018,669)	(135,678)		(6,154,347)
Total accumulated depreciation	(18,923,985)	(1,259,691)		(20,183,676)
Total capital assets being depreciated, net of accumulated depreciation	13,995,563	205,953		14,201,516
Government activities capital assets, net	\$ 17,150,266	\$ 426,665	\$	\$ 17,576,931
				To A-1
Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 201,066	\$ 21,100	\$	\$ 222,166
Less accumulated depreciation for :				
Equipment	(201,066)	(1,055)		(202,121)
Business-type activities capital assets, net	\$ -	\$ 20,045	\$	\$ 20,045

* Depreciation expense was charged to governmental functions as follows:

Administration	\$ 2,391
Instructional	43,143
Unallocated Depreciation	1,214,157
Total depreciation expense	\$ 1,259,691

**PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 6. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>	<u>Long-term Portion</u>
Governmental Activities:						
Bonds payable:						
NJEDA	\$ 198,946		\$ (64,021)	\$ 134,925	\$ 66,277	\$ 68,648
General obligation debt	8,230,000		(430,000)	7,800,000	455,000	7,345,000
Total bonds payable	8,428,946		(494,021)	7,934,925	521,277	7,413,648
Other Liabilities:						
Obligations under capital lease	1,785,491	1,399,968	(378,550)	2,806,909	527,102	2,279,807
Early Retirement Bonds	175,000		(85,000)	90,000	90,000	
Compensated absences payable	765,390	20,095		785,485	13,045	772,440
Total liabilities	\$ 11,154,827	\$	\$ (957,571)	\$ 11,617,319	\$ 1,151,424	\$ 10,465,895
Business-Type Activities:						
Compensated absences payable	\$ -	\$ 1,895	\$	\$ 1,895	\$ 1,895	\$

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. On May 21, 2009 the Board of Education Advance-Refunded the 1999 Bond Issue in the amount of \$4,850,000 in refunding bonds at various interest rates per redemption batch, from 3% to 4.25 %.

The District was awarded state grant funding for various capital projects for renovations and improvements to the Olivet elementary school, Middle school and A. P. Schalick High School, of which a bond referendum was held on September 29, 2009 to seek voter approval for the District's matching share of \$ 1,856,000. Voter approval was achieved and accordingly, bonds were issued with interest rates ranging from 3.5% to 4%.

The cost for all the projects is an amount not to exceed \$3,995,653, which includes state funding of \$2,139,653 under the N.J. Educational Facilities Construction and Finance Act.

During the 2004-2005 year, Bonds were issued in the amount of \$2,064,000 as part of an NJEDA Project.

B. Early Retirement Bonds - The district refinanced the Early Retirement liability to the state of New Jersey through a bond issue, series 2003. The principal and interest payments are as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 90,000	\$ 2,475	\$ 92,475
	\$ 90,000	\$ 2,475	\$ 92,475

PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

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

C. Serial Bonds Payable

Principal and interest due on bonds outstanding is as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 521,278	\$ 317,155	\$ 838,433
2014	558,647	299,639	858,286
2015	515,000	281,995	796,995
2016	535,000	264,845	799,845
2017	545,000	245,158	790,158
2018	570,000	221,358	791,358
2019	585,000	194,733	779,733
2020	605,000	167,508	772,508
2021	635,000	140,751	775,751
2022	655,000	114,014	769,014
2023	675,000	86,208	761,208
2024	735,000	57,564	792,564
2025	419,000	33,245	452,245
2026	185,000	15,240	200,240
2027	196,000	7,840	203,840
	<u>\$ 7,934,925</u>	<u>\$ 2,447,253</u>	<u>\$ 10,382,178</u>

D. Capital Leases - The District is leasing Buses, Computers, Kitchen Renovations, Smartboards, a Truck, an Energy Retrofit, a New Roof and various other items under capital leases. This includes three new leases entered into during the 2011-12 fiscal year. One was for (15) heating/cooling units, (14) exhaust fans (3) trash compactors and a petro fuel management system, costing \$250,000. The second was for laptops costing \$266,912. The third was for three 54 passenger buses costing \$252,000 and a Roof Membrane at Arthur P. Schalick High School costing \$500,000. The following is a schedule of the future minimum lease payments under these capital leases at June 30, 2012.

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 527,103	\$ 105,601	\$ 632,704
2014	529,809	102,895	632,704
2015	535,088	79,370	614,458
2016	481,220	55,673	536,893
2017	359,324	33,033	392,357
2018	350,390	8,367	358,757
2019	23,975	1,198	25,173
	<u>\$ 2,806,909</u>	<u>\$ 373,347</u>	<u>\$ 3,180,256</u>

**PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

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

Subsequent to June 30, 2012 and before the audit issuance date, one new lease was obtained for Computers. The following is a schedule of all Capital Leases, including the new lease acquired during the 2012-2013 school year.

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 566,459	\$ 105,857	\$ 672,316
2014	566,556	105,760	672,316
2015	573,106	80,964	654,070
2016	481,220	55,673	536,893
2017	359,324	33,033	392,357
2018	350,389	8,367	358,756
2019	23,977	1,198	25,175
	<u>\$ 2,921,031</u>	<u>\$ 390,852</u>	<u>\$ 3,311,883</u>

E. Bonds Authorized but Not Issued - As of June 30, 2012 the District had no authorized but not issued bonds.

NOTE 7. MAINTENANCE RESERVE

A Maintenance Reserve may be established by New Jersey school districts for the accumulation of funds for use to fund certain expenditures in the operating budget. During the fiscal year ended June 30, 2008, the District appropriated the net amount of \$58,585 to fund 2007-08 expenses. In addition, \$380,000 was transferred into the reserve and subsequently appropriated to support certain expenditures in the operating budget. The balance in the reserve at June 30, 2011 was \$56,415 and appropriated and included as anticipated revenue for the year ending June 30, 2012.

NOTE 8. 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 administered by the New Jersey Division of Pension and Benefits. 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 from the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 8. PENSION PLANS (CONT'D)

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 - The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit plan which was established as of January 1, 1955. The PERS provides retirement, death, disability and medical benefits to certain qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2011, however, in accordance with Chapter 78, P.L. 2011, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2007, the increase is effective with the payroll period that begins immediately after July 1, 2007.

The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist. The School District is billed annually for its normal contribution plus any accrued liability.

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.

PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 8. PENSION PLANS (CONT'D)

Significant Legislation - P.L. 2010, c.1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the SPRS and PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the prosecutor's part of the PERS to new members and repealed the law for the new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the States Defined Contribution Retirement Program.

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.

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/12	\$ 388,310	100 %	\$ 388,310
6/30/11	381,545	100	381,545
6/30/10	285,406	100	285,406

PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 8. PENSION PLANS (CONT'D)

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

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/12	\$ 1,103,504	100 %	\$ 0
6/30/11	777,753	100	0
6/30/10	839,359	100	0

During the fiscal year ended June 30, 2012 the State of New Jersey contributed \$366,581 to the TPAF for non-contributory insurance and post-retirement benefits of \$736,923 on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$826,149 during the year ended June 30, 2012 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 and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

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 administrators during the year ended June 30, 2012 were Copeland, Lincoln, and ING.

NOTE 10. 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, 2011, there were 93,323 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 prefunding 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. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

**PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 11. COMPENSATED ABSENCES

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

School District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. School district employees who are employed for twelve month are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. School district employees are entitled to two personal days which may be carried forward to subsequent years. Vacation days not used during the year may be accumulated and carried forward by certain employees. Benefits paid in any future year will be calculated according to formulas outlined in the school districts' agreements with the various employee unions and included in the current year's budget.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of June 30, 2012, the estimated liability for compensated absences in the Governmental Activities was \$785,485 and \$1,895 for Business – Type Activities.

NOTE 12. TAX ANTICIPATION LOAN

As a result of the delay in the last two state aid revenue receipts, a loan was taken out in the amount of \$1,140,024 and paid off in July, 2012, with interest expense reimbursed from the state.

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2012:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 794,106	\$ 59,930
Special Revenue Fund		214,157
Capital Projects Fund		564,684
Student Activity Fund	2,750	
Scholarship Fund		2,750
Payroll Fund		53
Enterprise Funds	59,930	14,230
Internal Service Funds		982
Total	<u>\$ 856,786</u>	<u>\$ 856,786</u>

**PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 14. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The district has chosen to purchase insurance to transfer risk to outside parties.

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.

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 is required to pay the New Jersey Unemployment Trust Fund based on a percentage of wages up to the statutory limit. The amount computed is payable on a quarterly basis.

The following is a summary of District contributions, employee contributions, payments to the State and the ending balance of the District's expendable trust fund for the current and prior years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011-2012	\$ 48,029	46,308	\$ 94,337	\$ 0
2010-2011	53,575	51,888	105,463	0
2009-2010	47,213	45,713	92,926	0

NOTE 15 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.

NOTE 16. RECEIVABLES

Receivables at June 30, 2012 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

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

<u>Receivables:</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Proprietary Funds</u>	<u>Internal Service Fund</u>
Intergovernmental \$	209,560	\$ 126,189	\$ 920,430	\$ 92,214	\$ 160,378
Other	13,448			18,286	
Totals	\$ 223,008	\$ 126,189	\$ 920,430	\$ 110,500	\$ 160,378

**PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 17. FUND BALANCE APPROPRIATED

General Fund - Of the (\$93,270) deficit in General Fund balance at June 30, 2011, \$604,755 is reserved for encumbrances; \$0 is reserved as excess surplus in accordance with *N.J.S.A.* 118A:7F-7; \$2,701 has been reserved in the Capital Reserve Account; \$0 has been appropriated and included as anticipated revenue for the year ending June 30, 2012 and the net result is a deficit of (\$700,726) in unreserved and undesignated fund balance.

NOTE 18. CALCULATION OF EXCESS SURPLUS

In accordance with *N.J.S.A.* 18A:7F-7, as amended by P.L. 2005, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the N J School Funding Reform Act of 2008 (SFRA). 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. There is no excess fund balance at June 30, 2012, which is required to be appropriated in the 2012-13 or 2013-14 budgets.

NOTE 19. EARLY RETIREMENT PROGRAM

The District maintains a long-term liability for two early retirement programs, which was permanently funded by bonds as shown in Note 6B above.

NOTE 20. DEFICIT FUND BALANCES

The District has a deficit fund balance of (\$93,270) in the General Fund and (6,930) in the Special Revenue Fund as of June 30, 2012 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 state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment 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 Special Revenue Fund does not alone indicate that the district is facing financial difficulties. Pursuant to *N.J.S.A.* 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP General Fund statements of \$93,270 is less than the last two state payments. The District deficit in the GAAP Special Revenue fund statement of \$6,930 is equal to the last two state aid payments.

**PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 21. OPERATING LEASES

The District has operating lease commitments at June 30, 2012 for the Elmer School Building with contents and copiers. The minimum lease payments are as follows:

2013	\$ 87,360
2014	52,068
2015	11,484

End of Notes to Financial Statements

BUDGETARY COMPARISON SCHEDULES

PITTSBORO TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 8,483,060	\$	\$ 8,483,060	\$ 8,483,060	\$
Tuition - Other LEA's	3,113,927		3,113,927	2,990,343	(123,584)
Tuition - Individuals				40,068	40,068
Tuition from State of New Jersey				9,593	9,593
Interest Earned on Deposits				9,998	9,998
Interest Earned on Capital Reserve Funds	10		10		(10)
Miscellaneous	454,666		454,666	221,925	(232,741)
Total - Local Sources	12,051,663		12,051,663	11,754,987	(296,676)
State Sources:					
Equalization Aid	10,260,115		10,260,115	10,260,115	
Categorical Transportation Aid	739,156		739,156	739,156	
Special Education Categorical Aid	776,149		776,149	776,149	
Categorical Security Aid	229,283		229,283	229,283	
Adjustment Aid	25,884		25,884	15,649	(10,235)
School Choice Aid				249,480	249,480
Other State Aids:					
Extraordinary Aid				61,331	61,331
Non-Public Transportation Aid				12,180	12,180
Anti-bullying Aid				811	811
TPAF Pension (On-Behalf - Non-Contributory Ins)				366,581	366,581
TPAF Post Retirement-Medical (On-Behalf - Non-Budgeted)				736,923	736,923
TPAF Social Security (Reimbursed - Non-Budgeted)				826,149	826,149
Total State Sources	12,030,587		12,030,587	14,273,807	2,243,220
Federal Sources:					
Medicaid Program - SEMI	25,369		25,369	7,979	(17,390)
Education Jobs Fund	430,372	13,483	443,855	443,855	
	455,741	13,483	469,224	451,834	(17,390)
Total Revenues	\$ 24,537,991	\$ 13,483	\$ 24,551,474	\$ 26,480,628	\$ 1,929,154
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool - Salaries of Teachers	\$ 4,820	\$ (4,820)	\$	\$	\$
Kindergarten - Salaries of Teachers	407,438	(122,181)	285,257	284,734	523
Grades 1-5 - Salaries of Teachers	1,925,207	24,910	1,950,117	1,950,111	6
Grades 6-8 - Salaries of Teachers	1,459,986	(10,760)	1,449,226	1,448,779	447
Grades 9-12 - Salaries of Teachers	2,263,005	3,783	2,266,788	2,266,731	57
Regular Programs - Home Instruction:					
Salaries of Teachers	11,010	18,060	29,070	28,214	856
Purchased Professional-Educational Services	22,028	7,720	29,748	29,731	17
Other Purchased Services (400-500 series)	3,000	(2,000)	1,000		1,000
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	157,340	53,216	210,556	210,465	91
Purchased Technical Services	44,100	5,590	49,690	39,742	9,948
Other Purchased Services (400-500 series)	226,919	15,690	242,609	235,215	7,394
General Supplies	335,272	7,959	343,231	299,769	43,462
Textbooks	54,800	2,589	57,389	49,475	7,914
Other Objects	7,105		7,105	368	6,737
TOTAL REGULAR PROGRAMS - INSTRUCTION	6,922,030	(244)	6,921,786	6,843,334	78,452
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of Teachers		5,574	5,574	5,574	
General Supplies		54	54		54
Total Learning and/or Language Disabilities		5,628	5,628	5,574	54

PITTSBORO TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Behavioral Disabilities:					
Salaries of Teachers	\$ 162,290	\$ (5,145)	\$ 157,145	\$ 157,145	\$
Purchased Professional-Educational Services	69,298	(26,260)	43,038	42,652	386
General Supplies	5,100	(4,058)	1,042	846	196
Other Objects	3,705	(2,465)	1,240		1,240
Total Behavioral Disabilities	240,393	(37,928)	202,465	200,643	1,822
Multiple Disabilities:					
Salaries of Teachers	242,020	1,785	243,805	243,805	
Other Salaries for Instruction	143,030	(141,950)	1,080	1,080	
Purchased Professional Educational Services		109,913	109,913	109,887	26
General Supplies	4,000	1,925	5,925	5,339	586
Other Objects	4,100	(961)	3,139	297	2,842
Total Multiple Disabilities	393,150	(29,288)	363,862	360,408	3,454
Resource Room/Resource Center:					
Salaries of Teachers	1,018,735	(25,156)	993,579	993,051	528
Purchased Professional-Educational Services	219,004	21,479	240,483	239,983	500
General Supplies	9,375	(1,835)	7,540	4,872	2,668
Textbooks		78	78	70	8
Other Objects	11,300	(9,965)	1,335		1,335
Total Resource Room/Resource Center	1,258,414	(15,399)	1,243,015	1,237,976	5,039
Autism					
Salaries of Teachers	58,445	2,658	61,103	61,043	60
Other Salaries for Instruction		2,922	2,922	2,908	14
Purchased Professional Educational Services	22,866	6,224	29,090	28,379	711
General Supplies	5,000	(3,371)	1,629	456	1,173
Total	86,311	8,433	94,744	92,786	1,958
Preschool Disabilities - Part-Time:					
Salaries of Teachers	50,900	23,910	74,810	74,810	
Other Salaries for Instruction		3,240	3,240	3,240	
Purchased Professional-Educational Services	30,696	(8,317)	22,379	22,193	186
General Supplies	800		800	261	539
Other Objects	1,000		1,000	68	932
Total Preschool Disabilities - Part-Time	83,396	18,833	102,229	100,572	1,657
TOTAL SPECIAL EDUCATION - INSTRUCTION	2,061,664	(49,721)	2,011,943	1,997,959	13,984
Basic Skills/Remedial - Instruction					
Salaries of Teachers	143,293	218,558	361,851	361,820	31
Other Salaries for Instruction		23,099	23,099	23,097	2
Purchased Professional Educational Services		5,695	5,695	5,685	10
General Supplies	3,000	(75)	2,925	2,885	40
Total Basic Skills/Remedial - Instruction	146,293	247,277	393,570	393,487	83
Bilingual Education - Inst.					
Salaries of Teachers		2,190	2,190	2,187	3
Purchased Professional Educational Services		3,235	3,235	3,234	1
Total Bilingual Education - Inst.		5,425	5,425	5,421	4
School-Spon. Co curricular Actvts. - Inst.					
Salaries	56,919	(12,600)	44,319	42,052	2,267
Purchased Services (300-500 series)	1,800	1,683	3,483	1,568	1,915
Supplies and Materials	4,954		4,954	973	3,981
Total School-Spon. Co-curricular Actvts. - Inst.	63,673	(10,917)	52,756	44,593	8,163
School-Spon. Co-curricular Athletics - Inst.					
Salaries	205,578	(7,695)	197,883	195,961	1,922
Purchased Services (300-500 series)	89,636	(6,349)	83,287	80,774	2,513
Supplies and Materials	46,810	11,418	58,228	54,255	3,973
Total School-Spon. Co-curricular Athletics - Inst.	342,024	(2,626)	339,398	330,990	8,408
TOTAL INSTRUCTION	9,535,684	189,194	9,724,878	9,615,784	109,094
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	88,435	74,944	163,379	160,486	2,893
Tuition to Other LEAs Within the State - Special	34,680	(14,525)	20,155	9,884	10,271
Tuition to CSSD & Regional Day Schools	26,526	29,261	55,787	52,852	2,935
Tuition to Private Schools for the Disabled - Within State	433,838	(147,280)	286,558	261,618	24,940
Tuition - State Facilities	30,750		30,750	30,750	
Total Undistributed Expenditures - Instruction:	614,229	(57,600)	556,629	515,590	41,039

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final

**PITTSBURGH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
Undistributed Expend. - Attend. & Social Work					
Salaries	\$ 28,817	\$ (24,840)	\$ 3,977	\$ 3,900	\$ 77
Total Undistributed Expend. - Attend. & Social Work	28,817	(24,840)	3,977	3,900	77
Undist. Expend. - Health Services					
Salaries	315,170	12,346	327,516	327,460	56
Purchased Professional and Technical Services	12,300	(2,006)	10,294	10,236	58
Other Purchased Services (400-500 series)	650		650	210	440
Supplies and Materials	5,319	382	5,701	4,556	1,145
Total Undistributed Expenditures - Health Services	333,439	10,722	344,161	342,462	1,699
Undist. Expend. - Other Supp. Serv. Students - Rel. Serv.					
Salaries of Other Professional Staff	137,725	22,558	160,283	159,792	491
Purchased Professional - Educational Services	63,580	11,231	74,811	71,394	3,417
Supplies and Materials	1,500	(1,210)	290		290
Other Objects	1,000	(800)	200		200
Total Undist. Exp. - Other Supp. Serv. Students - Rel. Serv.	203,805	31,779	235,584	231,186	4,398
Undist. Expend. - Other Supp. Serv. Stud - Extraord. Serv.					
Purchased Professional - Educational Services	205,241	17,510	222,751	221,270	1,481
Total Undist. Exp. - Other Sup. Serv. Stud - Extraord. Serv.	205,241	17,510	222,751	221,270	1,481
Undistributed Expend. - Guidance					
Salaries of Other Professional Staff	514,445	7,010	521,455	521,394	61
Salaries of Secretarial and Clerical Assistants	94,147		94,147	93,762	385
Purchased Professional- Educational Services	5,000	(3,300)	1,700	1,655	45
Other Purchased Prof. and Tech. Services	15,345	(10,950)	4,395	4,300	95
Other purchased Services (400-500 series)	10,515		10,515	7,058	3,457
Supplies and Materials	6,405	(240)	6,165	5,180	985
Other Objects		240	240	240	
Total Undist. Expend.- Guidance	645,857	(7,240)	638,617	633,589	5,028
Undistributed Expend. - Child Study Teams					
Salaries of Other Professional Staff	408,932	(4,680)	404,252	404,154	98
Salaries of Secretarial and Clerical Assistants	93,397	(410)	92,987	92,911	76
Purchased Professional- Educational Services	7,674	(3,010)	4,664	3,480	1,184
Other Purchased Prof. and Tech. Services	19,300	1,200	20,500	20,471	29
Misc purchased Services (400-500 series O/then Resid Costs)	35,000		35,000	33,403	1,597
Supplies and Materials	21,260	(2,470)	18,790	16,956	1,834
Other Objects	1,800	270	2,070	2,031	39
Total Undist. Expend.- Child Study Teams	587,363	(9,100)	578,263	573,406	4,857
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	125,106	(4,200)	120,906	120,902	4
Salaries of Other Professional Staff	157,828	(6,900)	150,928	150,885	43
Salaries of Secretarial and Clerical Assist.	63,144	2,900	66,044	65,970	74
Other Salaries	95,183	(4,864)	90,319	88,886	1,433
Other Purch Services (400-500)	10,434	(6,000)	4,434	4,020	414
Supplies and Materials	3,000		3,000	1,541	1,459
Other Objects	3,170	89	3,259	2,413	846
Total Undist. Expend. - Improvement of Inst. Serv.	457,865	(18,975)	438,890	434,617	4,273
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	208,640		208,640	208,073	567
Purchased Professional and Technical Services	20,802		20,802	17,585	3,217
Other Purchased Services (400-500 series)	19,870		19,870	19,363	507
Supplies and Materials	135,580	(38,396)	97,184	95,806	1,378
Total Undist. Expend. - Edu. Media Serv./Sch. Library	384,892	(38,396)	346,496	340,827	5,669
Undist. Expend. - Instructional Staff Training Serv.					
Purchased Professional - Educational Services	7,500	(5,850)	1,650	810	840
Other Purchased Services (400-500 series)	6,000	(5,400)	600	567	33
Supplies and Materials	9,000	(1,800)	7,200	6,738	462
Other Objects	500		500		500
Total Undist. Expend. - Instructional Staff Training Serv.	23,000	(13,050)	9,950	8,115	1,835

PITTSBORO TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	\$ 264,279	\$	\$ 264,279	\$ 254,890	\$ 9,389
Legal Services	40,000	16,201	56,201	56,188	13
Audit Fees	25,000	(1,200)	23,800	23,565	235
Architectural/Engineering Services	5,000	4,778	9,778	6,613	3,165
Other Purchased Professional Services	15,000	600	15,600	15,597	3
Communications/Telephone	52,500	3,223	55,723	40,539	15,184
BOE Other Purchased Services	4,290	(1,000)	3,290	1,209	2,081
Other Purchased Services (400-500 series)	128,370	(28,050)	100,320	94,573	5,747
General Supplies	10,910	4,830	15,740	15,723	17
BOE In-House Training/Meeting Supplies	2,000	50	2,050	2,048	2
Miscellaneous Expenditures	3,390	(930)	2,460	2,452	8
BOE Membership Dues and Fees	12,000	50	12,050	12,049	1
Total Undist. Expend. - Supp. Serv. - General Admin.	562,739	(1,448)	561,291	525,446	35,845
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	717,773	34,800	752,573	752,507	66
Salaries of Secretarial and Clerical Assistants	345,400	(3,030)	342,370	341,541	829
Other Purchased Services (400-500 series)	22,500	(5,635)	16,865	11,702	5,163
Supplies and Materials	13,350	3,079	16,429	15,453	976
Other Objects	13,000		13,000	10,262	2,738
Total Undist. Expend. - Support Serv. - School Admin.	1,112,023	29,214	1,141,237	1,131,465	9,772
Undist. Expend. - Central Services					
Salaries	328,467	1,307	329,774	328,997	777
Purchased Professional Services	3,850	(1,885)	1,965	950	1,015
Purchased Technical Services		2,215	2,215	2,215	
Miscellaneous Purchased Services (400-500 series)	19,725	(900)	18,825	18,466	359
Supplies and Materials	17,500	(5,075)	12,425	12,423	2
Interest on Current Loans	40,000	(20,100)	19,900	19,568	332
Interest on Lease Purchase Agreements	42,004	11,100	53,104	53,099	5
Miscellaneous Expenditures	2,550	950	3,500	3,446	54
Total Undist. Expend. - Central Services	454,096	(12,388)	441,708	439,164	2,544
Undist. Expend. - Admin. Info. Technology					
Salaries	235,416	5,259	240,675	240,581	94
Purchased Professional Services		70	70	70	
Purchased Technical Services	36,869	27,165	64,034	62,301	1,733
Other Purchased Services (400-500 series)	22,500	(6,251)	16,249	12,090	4,159
Supplies and Materials	17,000	3,166	20,166	15,977	4,189
Total Undist. Expend. - Admin. Info. Technology	311,785	29,409	341,194	331,019	10,175
Undist. Expend. -Req. Maint. for School Facilities					
Cleaning, Repair, and Maintenance Services	149,112	(20,610)	128,502	79,958	48,544
General Supplies	42,617	(8,117)	34,500	34,455	45
Total Undist. Expend. -Req. Maint. for School Facilities	191,729	(28,727)	163,002	114,413	48,589
Undist. Expend. -Custodial services					
Salaries	885,714	(46,570)	839,144	837,751	1,393
Purchased Professional and Technical Services	80,184	15,000	95,184	94,489	695
Cleaning, Repair and Maintenance Services	351,603	97,575	449,178	383,841	65,337
Rental of Land, Building & Other than Lease Purchases	100,000		100,000	100,000	
Other Purchased Property Services	22,289	55,015	77,304	75,767	1,537
Insurance	66,101	(8,050)	58,051	58,009	42
Miscellaneous Purchased Services	12,805	(7,350)	5,455	4,821	634
General Supplies	134,083	12,535	146,618	123,889	22,729
Energy (Natural Gas)	145,081	(70,730)	74,351	73,912	439
Energy (Electricity)	519,571	(33,100)	486,471	485,722	749
Other Objects	185		185	31	154
Total Undist. Expend. - Custodial Services	2,317,616	14,325	2,331,941	2,238,232	93,709

PITTSBORO TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original</u> <u>Budget</u>	<u>Budget</u> <u>Transfers</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Final to Actual</u> <u>Favorable</u> <u>(Unfavorable)</u>
Undist. Expend. - Care and Upkeep of Grounds					
Salaries	\$	\$ 3,335	\$ 3,335	\$ 3,321	\$ 14
Cleaning, Repair and Maintenance Services	59,755	57,630	117,385	117,243	142
General Supplies	13,856	8,494	22,350	17,122	5,228
Total Undist. Expend. - Care and Upkeep of Grounds	73,611	69,459	143,070	137,686	5,384
Undist. Expend. - Security					
Salaries	80,638		80,638	80,637	1
Purchased Professional and Technical Services		1,070	1,070	1,033	37
Cleaning, Repair and Maintenance Services	1,800	130	1,930	1,800	130
General Supplies	2,450	3,924	6,374	5,405	969
Other Objects	500	500	1,000	863	137
Total Undist. Expend. - Security	85,388	5,624	91,012	89,738	1,274
Total Undist. Expend. - Oper. & Maint. Of Plant	2,668,344	60,681	2,729,025	2,580,069	148,956
Undist. Expend. - Student Transportation Serv.					
Sal. For Pup.Trans. (Bet. Home and School) - Regular	530,772	(10,970)	519,802	519,767	35
Sal. For Pup.Trans. (Bet. Home and School) - Special	98,894	72,437	171,331	170,961	370
Sal. For Pup. Trans. (Other than Bet. Home and School)	62,588	75,453	138,041	137,805	236
Other Purchased Professional and Technical Services	12,412	(10,400)	2,012	1,980	32
Cleaning, Repair and Maintenance Services	11,175	(8,286)	2,889	2,164	725
Lease Purchase Payments - School Buses	163,916	200	164,116	164,106	10
Contr Serv (Spl. Ed. Students) - Joint Agreements	16,684	5,700	22,384	22,383	1
Contr Serv. - Aid in Lieu Payments - Nonpublic	46,852	10,862	57,714	56,085	1,629
Misc. Purchased Serv. - Transportation	75,938	(3,850)	72,088	67,184	4,904
Supplies and Materials	7,288	(5,743)	1,545	1,358	187
Transportation Supplies	322,343	62,319	384,662	383,921	741
Other Objects	5,502		5,502	977	4,525
Total Undist. Expend. - Student Transportation Serv.	1,354,364	187,722	1,542,086	1,528,691	13,395
UNALLOCATED BENEFITS -Employee Benefits					
Social Security Contributions	327,953	(28,900)	299,053	284,194	14,859
Other Retirement Contributions - Regular	408,533	(19,300)	389,233	389,215	18
Unemployment Compensation	35,000	21,000	56,000	55,936	64
Workmen's Compensation	153,936		153,936	153,409	527
Health Benefits	3,453,932	(255,573)	3,198,359	3,156,906	41,453
Tuition Reimbursement	82,000	(56,121)	25,879	18,270	7,609
Other Employee Benefits	389,471	(139,906)	249,565	229,581	19,984
TOTAL UNALLOCATED BENEFITS	4,850,825	(478,800)	4,372,025	4,287,511	84,514
On-behalf TPAF Pension Contributions (non-budgeted)				366,581	(366,581)
On-behalf TPAF Post Retirement Contrib (non-budgeted)				736,923	(736,923)
Reimbursed TPAF Social Security Cont. (non-budgeted)				826,149	(826,149)
TOTAL ON-BEHALF CONTRIBUTIONS				1,929,653	(1,929,653)
TOTAL PERSONAL SERV. - EMPLOYEE BENEFITS	4,850,825	(478,800)	4,372,025	6,217,164	(1,845,139)
TOTAL UNDISTRIBUTED EXPENDITURES	14,798,684	(294,800)	14,503,884	16,057,980	(1,554,096)
TOTAL GENERAL CURRENT EXPENSE	24,334,368	(105,606)	24,228,762	25,673,764	(1,445,002)
CAPITAL OUTLAY					
Interest Deposit to Capital Reserve	10	10	20		20
Equipment					
Special Education - Instruction:					
School-Sponsored and Other Instructional Programs		22,747	22,747	10,053	12,694
Undistributed Expenditures:					
Instruction	4,200	27,603	31,803	24,152	7,651
Student Transportation School Buses Regular		2,243	2,243	2,243	
Non-instructional Maintenance Equipment		358,495	358,495	18,570	339,925
Total Equipment	4,200	411,088	415,288	55,018	360,270

PITTSBURGH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original</u> <u>Budget</u>	<u>Budget</u> <u>Transfers</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Final to Actual</u> <u>Favorable</u> <u>(Unfavorable)</u>
Facilities Acquisition and Construction Services					
Lease Purchase Agreement - Principal	\$ 120,746	\$ 2,025	\$ 122,771	\$ 122,770	\$ 1
Buildings Other than Lease Purchase Agreements		17,400	17,400		17,400
Other Objects	13,843		13,843	13,843	
Total Facilities Acquisition and Construction Services	<u>134,589</u>	<u>19,425</u>	<u>154,014</u>	<u>136,613</u>	<u>17,401</u>
Assets Acquired Under Capital Leases (non-budgeted)				633,056	(633,056)
TOTAL CAPITAL OUTLAY	<u>138,799</u>	<u>430,523</u>	<u>569,322</u>	<u>824,687</u>	<u>(255,365)</u>
Other Special Schools-Summer School					
Salaries of Teachers	8,598	18,560	27,158	27,158	
Other Salaries for Instructions	23,999	959	24,958	24,958	
Purchase Professional Technical	29,791	7,676	37,467	37,206	261
Other Purchased Services	100		100	46	54
General Supplies	500	2,181	2,681	2,543	138
Total Other Special Schools-Instruction	<u>62,988</u>	<u>29,376</u>	<u>92,364</u>	<u>91,911</u>	<u>453</u>
Other Special Schools-Support Services					
Personal Services-Employee Benefits	1,836	119	1,955	1,955	
Total Other Special Schools-Support Services	<u>1,836</u>	<u>119</u>	<u>1,955</u>	<u>1,955</u>	
Total Other Special Schools	<u>64,824</u>	<u>29,495</u>	<u>94,319</u>	<u>93,866</u>	<u>453</u>
TOTAL EXPENDITURES	<u>24,537,991</u>	<u>354,412</u>	<u>24,892,403</u>	<u>26,592,317</u>	<u>(1,699,914)</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures		<u>(340,929)</u>	<u>(340,929)</u>	<u>(111,689)</u>	<u>229,240</u>
Other Financing Sources:					
Operating Transfer (Out) and In:					
Transfers to Cover Deficit		(110,000)	(110,000)	(59,880)	50,120
Transfer of Funds to Charter School		(41,906)	(41,906)	(41,906)	
Capital Lease Proceeds				633,056	633,056
Interest Transferred from Capital Projects Fund				1,146	1,146
Total Other Financing Sources:		<u>(151,906)</u>	<u>(151,906)</u>	<u>532,416</u>	<u>684,322</u>
Excess (Deficiency) of Revenues and Other Financing					
Sources Over (Under) Expenditures and Other		<u>(492,835)</u>	<u>(492,835)</u>	<u>420,727</u>	<u>913,562</u>
Financing Sources (Uses)					
Fund Balance, July 1	<u>570,735</u>		<u>570,735</u>	<u>570,735</u>	
Fund Balance, June 30	\$ <u>570,735</u>	\$ <u>(492,835)</u>	\$ <u>77,900</u>	\$ <u>991,462</u>	\$ <u>913,562</u>
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve			\$ 2,701		
Committed Fund Balance:					
Encumbrances			604,755		
Unassigned Fund Balance					
			384,006		
			<u>991,462</u>		
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis			<u>(1,084,732)</u>		
Fund Balance per Governmental Funds (GAAP)			\$ <u>(93,270)</u>		

PITTSBORO TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
EDUCATION JOBS FUND SUPPLEMENTARY SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
Education Jobs Fund					
Unallocated Benefits	\$	\$	\$	\$	\$
Health Benefits	443,855		443,855	443,855	
Total Unallocated Benefits	443,855		443,855	443,855	
Total General Current Expense - Fund 18	\$ 443,855	\$	\$ 443,855	\$ 443,855	\$

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
State Sources	\$ 69,300	\$ -	\$ 69,300	\$ 69,300	\$ -
Federal Sources	687,935	423,274	1,111,209	824,601	286,608
Local Sources				27,623	(27,623)
Total Revenues	<u>757,235</u>	<u>423,274</u>	<u>1,180,509</u>	<u>921,524</u>	<u>258,985</u>
EXPENDITURES:					
Instruction					
Salaries		53,902	53,902		53,902
Salaries - Teachers	271,100	36,608	307,708	278,107	29,601
Salaries - Other Instruction					
Purchased Prof- Tech. Services	151,802	(151,802)			
Purchased Prof Ed - Aides		10,144	10,144		10,144
Tuition	334,333	58,174	392,507	392,507	
Supplies and Materials		38,837	38,837	33,451	5,386
Instruction Reserve - Salaries					
Instruction Reserve - Salaries - Teachers		30,661	30,661		30,661
Purchased Prof- Tech. Services		11,835	11,835		11,835
Other Objects		35,664	35,664	35,664	
Total Instruction	<u>757,235</u>	<u>124,023</u>	<u>881,258</u>	<u>739,729</u>	<u>141,529</u>
Support Services					
Salaries-Teachers		2,000	2,000		2,000
Personal Services - Employee Benefits		63,746	63,746	50,434	13,312
Purchased Prof. - Tech. Services		94,650	94,650	42,933	51,717
Purchased Prof. - Edu. Services		4,000	4,000		4,000
Other purchased Services (400-500 series)		65,848	65,848	50,610	15,238
Supplies and Materials		22,170	22,170	10,809	11,361
General Supplies		11,696	11,696	11,695	1
Non-Instructional Equip.		11,695	11,695		11,695
Misc. Expend.		902	902		902
Total Support Services		<u>276,706</u>	<u>276,706</u>	<u>166,481</u>	<u>110,225</u>
Facilities Acquisition and Construction Services:					
Buildings					
Instructional Equipment					
Non-instructional Equipment		22,545	22,545	15,314	7,231
Total Facilities Acquisition and Construction Services		<u>22,545</u>	<u>22,545</u>	<u>15,314</u>	<u>7,231</u>
Transfer to Charter School					
Total Expenditures	<u>757,235</u>	<u>423,274</u>	<u>1,180,509</u>	<u>921,524</u>	<u>258,985</u>
Other Financing Sources (Uses)					
Total Other Financing Sources (Uses)					
Total Outflows	<u>757,235</u>	<u>423,274</u>	<u>1,180,509</u>	<u>921,524</u>	<u>258,985</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

**NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION**

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION
BUDGET-TO-GAAP RECONCILIATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

	<u>Ref</u>	<u>General Fund</u>	<u>Ref</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 26,480,628	[C-2]	\$ 921,524
Difference - budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				(23,042)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		1,133,094		6,930
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(1,084,732)		(6,930)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 26,528,990</u>	[B-2]	<u>\$ 898,482</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 26,592,317	[C-2]	\$ 921,524
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.				(23,042)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 26,592,317</u>	[B-2]	<u>\$ 898,482</u>

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.

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>IDEA</u>		<u>NCLB</u>	<u>Preschool</u>	<u>NJSBA</u>	<u>NJSBA</u>	<u>HS</u>	<u>SJ Energy</u>	<u>Sub-Total</u>	<u>Totals</u>
	<u>Part B</u>	<u>Pre K</u>	<u>Title IV</u>	<u>Education</u>	<u>2011</u>	<u>2012</u>	<u>Scoreboard</u>	<u>Arts Grant</u>	<u>Per E-1(2)</u>	<u>2012</u>
			<u>Carryover</u>							
REVENUES:										
State sources	\$	\$	\$	\$ 69,300	\$	\$	\$	\$	\$	\$ 69,300
Federal sources	392,507	10,144	740						421,210	824,601
Other					6,800	8,514	11,695	614		27,623
Total revenues	\$ 392,507	\$ 10,144	\$ 740	\$ 69,300	\$ 6,800	\$ 8,514	\$ 11,695	\$ 614	\$ 421,210	\$ 921,524
EXPENDITURES:										
Instruction:										
Salaries	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Salaries of teachers				51,220					226,887	278,107
Tuition-Child Study Team	392,507									392,507
Supplies and Materials				92				614	32,745	33,451
Other Objects		10,144							25,520	35,664
Total instruction	392,507	10,144		51,312				614	285,152	739,729
Support services:										
Personal Services - Employee Benefits				17,988					32,446	50,434
Purchased Prof - Tech. Services									42,933	42,933
Purchased Prof. - Edu. Services									50,610	50,610
Other Purchased Services									10,069	10,809
Supplies and materials			740							11,695
Non-Instructional Equip.							11,695			
Total support services			740	17,988			11,695		136,058	166,481
Facilities acquisition and const. serv.:										
Non-Instructional equipment					6,800	8,514			0	15,314
Total facilities acquisition and construction services					6,800	8,514				15,314
Total expenditures	\$ 392,507	\$ 10,144	\$ 740	\$ 69,300	\$ 6,800	\$ 8,514	\$ 11,695	\$ 614	\$ 421,210	\$ 921,524

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budget	Actual	Variance
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 51,220	\$ 51,220	\$
Supplies and Materials	92	92	
	51,312	51,312	
Total Instruction			
Support Services:			
Personal Services- Employee Benefits	17,988	17,988	
	17,988	17,988	
Total Support Services			
Total Expenditures	\$ 69,300	\$ 69,300	\$

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2011-2012 Preschool Education Aid Allocation	\$ 69,300	(1)
Add: Actual ECPA Carryover (June 30, 2011)		(2)
		69,300
Add: Budgeted Transfer from the General Fund 2011-12	69,300	(3)
Total Preschool Education Aid funds Available for 2011-2012 Budget	(69,300)	(4)
		(69,300)
Less: 2011-12 Budgeted Preschool Education Aid (Prior Year budget carryover)		(5)
		(69,300)
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2012		(6)
		(69,300)
Add; June 30, 2012 Unexpended Preschool Education Aid		(7)
		(69,300)
2011-12 carryover - preschool Education Aid/Preschool	\$	(8)
		(69,300)
2011-12 preschool Education Aid Carryover Budgeted for Preschool Programs 2012-2013	\$	(9)
		(69,300)

**PITTSBURGH TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	NCLB Title I - Part A			NCLB Title II-A		ARRA			Subtotal 2012	
	2010-11		SIA	2011-12	2010-11	IDEA		Title I		
	2011-12	Summer	Carryover			Summer	Basic	Preschool		2011-12
REVENUES:										
State sources										
Federal sources	\$ 236,067	\$ 52,049	\$ 77,088	\$ 2,237	\$ 36,693	\$ 15,019	\$ 1,459	\$ 74	\$ 524	\$ 421,210
Other										
Total revenues	<u>\$ 236,067</u>	<u>\$ 52,049</u>	<u>\$ 77,088</u>	<u>\$ 2,237</u>	<u>\$ 36,693</u>	<u>\$ 15,019</u>	<u>\$ 1,459</u>	<u>\$ 74</u>	<u>\$ 524</u>	<u>\$ 421,210</u>
EXPENDITURES:										
Instruction:										
Salaries	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Salaries of teachers	167,656	14,537	44,694							226,887
Salaries-Other Instruction										
Purchased Prof. Tech. Services										
Purchased Prof Ed - Aides										
Tuition-Child Study Team										
Supplies & Materials			28,975	2,237			1,459	74		32,745
Instruction Reserve - Salaries										
Instruction Reserve - Salaries - Teachers										
Purchased Prof. Tech. Services										
Other Objects	25,520									25,520
Total instruction	<u>193,176</u>	<u>14,537</u>	<u>73,669</u>	<u>2,237</u>			<u>1,459</u>	<u>74</u>		<u>285,152</u>
Support services:										
Salaries-Teachers										
Purchased Professional - Tech. Services	500	36,400			3,033	3,000				42,933
Purchased Prof. - Edu. Services										
Personal Services - Employee Benefits	27,904	1,112	3,419						11	32,446
Other Purchased Services	10,762				32,994	6,341			513	50,610
Supplies and materials	3,725				666	5,678				10,069
Non-Instructional Equip.										
Misc. Expend.										
Total support services	<u>42,891</u>	<u>37,512</u>	<u>3,419</u>		<u>36,693</u>	<u>15,019</u>			<u>524</u>	<u>136,058</u>
Facilities acquisition and const. serv.:										
Non-Instructional equipment										
Total facilities acquisition and construction services										
Total expenditures	<u>\$ 236,067</u>	<u>\$ 52,049</u>	<u>\$ 77,088</u>	<u>\$ 2,237</u>	<u>\$ 36,693</u>	<u>\$ 15,019</u>	<u>\$ 1,459</u>	<u>\$ 74</u>	<u>\$ 524</u>	<u>\$ 421,210</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.

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Number</u>	<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>			<u>Unexpended Balance 6/30/12</u>	<u>Memo Only</u>	
			<u>Prior Year</u>	<u>Current Year</u>	<u>Cancelled</u>		<u>Encumbrances</u>	<u>Available Balance</u>
2003-3	Arthur P. Schalick High School Conversion of Shop to Gym	\$ 210,086	\$ 202,903	\$	\$	\$ 7,183	\$	7,183
2003-4	Arthur P. Schalick High School Stage Lighting and Sound System	153,219	145,270			7,949		7,949
2005-1	High School Renovations	2,967,000	2,938,334			28,666		28,666
2005-2	Norma School Renovations	86,864	82,882			3,982		3,982
2005-3	Olivet School Renovations	490,218	482,754			7,464		7,464
2005-4	Middle School Roof Replacement	632,500	598,860			33,640	15,014	18,626
2010-1	Various Renovations at Olivet School	3,496,413	3,024,977	133,259		338,177	135,576	202,601
2010-2	Improvements to Middle School	218,750	199,483			19,267		19,267
2010-3	Renovations at Shalick High School	281,250	193,196			88,054	16,850	71,204
2012-1	Shalick High School Roof	1,042,986		960,964		82,022		82,022
		<u>\$ 9,579,286</u>	<u>\$ 7,868,659</u>	<u>\$ 1,094,223</u>	<u>\$</u>	<u>\$ 616,404</u>	<u>\$ 167,440</u>	<u>\$ 448,964</u>

Encumbered \$ 167,440
 Unencumbered 228,513

Unearned SDA

395,953
 220,451
\$ 616,404

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2012

Revenues and Other Financing

Sources

State Sources - EDA Grant	\$ 605,141
Capital Lease Proceeds	500,000
Interest Earned	1,146
	<hr/>
Total revenues	1,106,287
	<hr/>

Expenditures and Other Financing

Uses

Other Professional and Technical Services	109,609
Construction services	984,614
	<hr/>
Total expenditures	1,094,223
	<hr/>

Excess (deficiency) of revenues over (under) expenditures before transfers 12,064

Transfer Interest to General Fund (1,146)

Excess (deficiency) of revenues over (under) expenditures 10,918

Fund Balance - beginning 385,035

Fund Balance - ending \$ 395,953

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

Renovations to Schalick High School

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
Revenues and Other Financing				
Sources				
State Sources - EDA Grant	\$ 1,392,704	\$	\$ 1,392,704	\$ 1,392,704
Bond Proceeds & Transfers	1,574,296		1,574,296	1,574,296
	<hr/>		<hr/>	
Total revenues	2,967,000		2,967,000	2,967,000
Expenditures and Other Financing				
Uses				
Other Professional and Technical Services	239,818		239,818	239,818
Construction services	2,572,301		2,572,301	2,572,301
Other Objects	126,215		126,215	154,881
	<hr/>		<hr/>	
Total expenditures	2,938,334		2,938,334	2,967,000
Excess (deficiency) of revenues over (under) expenditures	\$ 28,666	\$	\$ 28,666	\$ -

Additional project information:

Project Number	4150-040-05-0ACQ
Grant date	2/22/05
Original Authorization Cost	\$2,967,000
Additional Authorized Cost	
Revised Authorized Cost	\$2,967,000
Percentage Decrease over Original	
Authorized Cost	N/A
Percentage Completion	99%
Original Target Completion Date	N/A
Revised Target Completion Date	10/27/04

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

Upgrade at Olivet Elementary School

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
Revenues and Other Financing				
Sources				
State Sources - EDA Grant	\$ 286,038	\$	\$ 286,038	\$ 286,038
Bond Proceeds & Transfers	196,856		196,856	196,856
Transfer from capital outlay	7,324		7,324	7,324
	<hr/>		<hr/>	<hr/>
Total revenues	490,218		490,218	490,218
	<hr/>		<hr/>	<hr/>
Expenditures and Other Financing				
Uses				
Other Professional and Technical Services	30,240		30,240	30,240
Construction services	421,368		421,368	428,832
Other objects	31,146		31,146	31,146
	<hr/>		<hr/>	<hr/>
Total expenditures	482,754		482,754	490,218
	<hr/>		<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	\$ 7,464	\$	\$ 7,464	\$ -
	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>

Additional project information:

Project Number	4150-060-05-0ACS
Grant date	2/8/05
Original Authorization Cost	\$483,000
Additional Authorized Cost	\$7,324
Revised Authorized Cost	\$490,324
Percentage Increase over Original Authorized Cost	1.52%
Percentage Completion	98%
Original Target Completion Date	N/A
Revised Target Completion Date	10/27/04

PITTSBORO TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

Roof Replacement at Middle School

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
Revenues and Other Financing Sources				
State Sources - EDA Grant	\$ 374,712	\$	\$ 374,712	\$ 374,712
Bond Proceeds & Transfers	257,788		257,788	257,788
Total revenues	<u>632,500</u>		<u>632,500</u>	<u>632,500</u>
Expenditures and Other Financing Uses				
Other Professional and Technical Services	55,974		55,974	55,974
Construction services	542,886		542,886	576,526
Total expenditures	<u>598,860</u>		<u>598,860</u>	<u>632,500</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 33,640</u>	<u>\$</u>	<u>\$ 33,640</u>	<u>\$ -</u>

Additional project information:

Project Number	4150-070-05-0ACT
Grant date	2/8/05
Original Authorization Cost	\$257,788
Additional Authorized Cost	N/A
Revised Authorized Cost	\$257,788
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	95%
Original Target Completion Date	N/A
Revised Target Completion Date	10/28/04

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

Renovations at Norma Elementary School

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
Revenues and Other Financing Sources				
State Sources - EDA Grant	\$ 49,075	\$	\$ 49,075	\$ 49,075
Bond Proceeds & Transfers	35,153		35,153	35,153
Transfer from Capital Outlay	2,636		2,636	2,636
Total revenues	<u>86,864</u>		<u>86,864</u>	<u>86,864</u>
Expenditures and Other Financing Uses				
Other Professional and Technical Services	8,636		8,636	8,636
Construction services	74,246		74,246	78,228
Total expenditures	<u>82,882</u>		<u>82,882</u>	<u>86,864</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,982</u>	<u>\$</u>	<u>\$ 3,982</u>	<u>\$ -</u>

Additional project information:

Project Number	4150-050-05-0ACR
Grant date	2/8/05
Original Authorization Cost	\$86,250
Additional Authorized Cost	\$2,636
Revised Authorized Cost	\$88,886
Percentage Increase over Original Authorized Cost	3.06%
Percentage Completion	95%
Original Target Completion Date	N/A
Revised Target Completion Date	10/28/04

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

Various Renovations at Olivet Elementary School

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - EDA Grant	\$ 2,013,670	\$	\$ 2,013,670	\$ 2,013,670
Bond Proceeds & Transfers	1,482,743		1,482,743	1,482,743
Transfer from Capital Outlay				
Total revenues	3,496,413		3,496,413	3,496,413
Expenditures and Other Financing Uses				
Other Professional and Technical Services	363,419	34,325	397,744	699,283
Construction services	2,661,558	98,934	2,760,492	2,797,130
Total expenditures	3,024,977	133,259	3,158,236	3,496,413
Excess (deficiency) of revenues over (under) expenditures	\$ 471,436	\$ (133,259)	\$ 338,177	\$ -

Additional project information:

Project Number	4150-060-09-1001-G02 PEC
Grant date	3/20/10
Original Authorization Cost	\$3,497,173
Additional Authorized Cost	\$0
Revised Authorized Cost	\$3,497,173
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	90%
Original Target Completion Date	N/A
Revised Target Completion Date	6/30/2013

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

Improvements at Pittsgrove Twp. Middle School

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - EDA Grant	\$ 125,983	\$	\$ 125,983	\$ 125,983
Bond Proceeds & Transfers	92,767		92,767	92,767
Transfer from Capital Outlay				
Total revenues	<u>218,750</u>		<u>218,750</u>	<u>218,750</u>
Expenditures and Other Financing Uses				
Other Professional and Technical Services	1,985		1,985	43,750
Construction services	197,498		197,498	175,000
Total expenditures	<u>199,483</u>		<u>199,483</u>	<u>218,750</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 19,267</u>	<u>\$</u>	<u>\$ 19,267</u>	<u>\$ -</u>

Additional project information:

Project Number	4150-070-09-1002-G02 PEC
Grant date	6/29/10
Original Authorization Cost	\$218,670
Additional Authorized Cost	\$0
Revised Authorized Cost	\$218,670
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	91%
Original Target Completion Date	N/A
Revised Target Completion Date	6/30/2013

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

Roof Replacement at High School

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing				
Sources				
State Sources - EDA Grant	\$	\$ 542,986	\$ 542,986	\$ 542,986
Capital Lease		500,000	500,000	500,000
Total revenues		1,042,986	1,042,986	1,042,986
Expenditures and Other Financing				
Uses				
Other Professional and Technical Services		75,284	75,284	75,283
Construction services		885,680	885,680	912,217
Total expenditures		960,964	960,964	987,500
Excess (deficiency) of revenues over (under) expenditures	\$	\$ 82,022	\$ 82,022	\$ 55,486

Additional project information:

Project Number	4150-040-10-1001
Grant date	11/1/11
Original Authorization Cost	\$542,986
Additional Authorized Cost	\$0
Revised Authorized Cost	\$542,986
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	6/30/2012
Revised Target Completion Date	

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

Roof Replacement at High School

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
Revenues and Other Financing				
Sources				
State Sources - EDA Grant	\$	\$ 542,986	\$ 542,986	\$ 542,986
Capital Lease		500,000	500,000	500,000
Total revenues		<u>1,042,986</u>	<u>1,042,986</u>	<u>1,042,986</u>
Expenditures and Other Financing				
Uses				
Other Professional and Technical Services		75,284	75,284	75,283
Construction services		885,680	885,680	912,217
Total expenditures		<u>960,964</u>	<u>960,964</u>	<u>987,500</u>
Excess (deficiency) of revenues over (under) expenditures	\$	\$ 82,022	\$ 82,022	\$ 55,486

Additional project information:

Project Number	4150-040-10-1001
Grant date	11/1/11
Original Authorization Cost	\$542,986
Additional Authorized Cost	\$0
Revised Authorized Cost	\$542,986
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	6/30/2012
Revised Target Completion Date	

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 in all schools within the school district.

School Age Child Care Fund – This fund provides for the operation of school child supervision.

Internal service funds – This fund is used to serve organizational units within the district or to serve other governmental units.

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

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012
(with comparative totals for June 30, 2011)

	Food Service Enterprise Fund	(SACC) School Age Child Care Enterprise Fund	Totals	
			2012	2011
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 38,883	\$ 38,665	\$ 77,548	\$ 99,747
Accounts receivable:				
State	2,071		2,071	1,605
Federal	70,786		70,786	48,854
Other	19,357	18,286	37,643	23,615
Interfund	59,930		59,930	2,850
Inventories	11,485		11,485	6,932
Total current assets	<u>202,512</u>	<u>56,951</u>	<u>259,463</u>	<u>183,603</u>
Fixed assets:				
Equipment	222,166		222,166	201,066
Accumulated depreciation	(202,121)		(202,121)	(201,066)
Total fixed assets	<u>20,045</u>		<u>20,045</u>	
Total assets	<u>\$ 222,557</u>	<u>\$ 56,951</u>	<u>\$ 279,508</u>	<u>\$ 183,603</u>
LIABILITIES				
Current liabilities:				
Interfund payable	\$	\$ 14,230	\$ 14,230	\$ 26,998
Compensated Absences		1,895	1,895	1,895
Accounts payable	186,565	328	186,893	120,810
Deferred Revenue	15,947	34	15,981	12,338
Total current liabilities	<u>202,512</u>	<u>16,487</u>	<u>218,999</u>	<u>162,041</u>
NET ASSETS				
Investment in capital assets net of related debt	20,045		20,045	
Unrestricted		40,464	40,464	21,562
Total fund equity	<u>20,045</u>	<u>40,464</u>	<u>60,509</u>	<u>21,562</u>
Total liabilities and fund equity	<u>\$ 222,557</u>	<u>\$ 56,951</u>	<u>\$ 279,508</u>	<u>\$ 183,603</u>

PITTSBORO TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(with comparative totals for June 30, 2011)

	Food Service	School Age	Totals	
	Enterprise	Child Care	2012	2011
	Fund	Enterprise		
		Fund		
OPERATING REVENUES:				
Local sources:				
Daily sales-reimbursable programs:				
School lunch program	\$ 268,735	\$	\$ 268,735	\$ 256,765
Total daily sales-reimbursable programs	268,735		268,735	256,765
Daily sales non-reimbursable programs	123,733		123,733	124,258
Special functions	31,551		31,551	24,571
Service Charges		150,346	150,346	159,006
Miscellaneous	1,664		1,664	2,350
Other school districts				1,843
Total operating revenue	425,683	150,346	576,029	568,793
OPERATING EXPENSES:				
Salaries	465	128,210	128,675	129,666
Employee benefits	36	9,985	10,021	11,136
Other Costs	36,932	7,106	44,038	46,823
Sodexo Costs:				
Salaries	227,245		227,245	219,106
Employee benefits	61,031		61,031	58,975
Supplies and materials	29,242		29,242	34,735
Management Fees	53,734		53,734	61,785
Insurance	28,513		28,513	17,984
Other Costs	44,810		44,810	37,514
Cost of sales	296,643		296,643	301,829
Depreciation	1,055		1,055	
Total operating expenses	779,706	145,301	925,007	919,553
Operating loss	(354,023)	5,045	(348,978)	(350,760)
Non-operating revenues:				
State sources:				
State school lunch program	8,186		8,186	8,228
Federal sources:				
National school breakfast program	41,432		41,432	42,782
National school lunch program	225,336		225,336	220,020
Special milk program	1,238		1,238	1,965
Food Distribution Program	51,118		51,118	47,954
Interest revenue	440	295	735	604
Total non-operating revenues	327,750	295	328,045	321,553
Net Income Before Operating Transfers	(26,273)	5,340	(20,933)	(29,207)
Prior Year Adjustment				
Operating Transfer - General Fund	59,880		59,880	11,000
Net Income After Operating Transfers	33,607	5,340	38,947	(18,207)
Total net assets-beginning	(13,562)	35,124	21,562	39,769
Total net assets-ending	\$ 20,045	\$ 40,464	\$ 60,509	\$ 21,562

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(with comparative totals for June 30, 2011)

	Food Service	School Age	Totals	
	Enterprise	Child Care		
	Fund	Enterprise	2012	2011
Cash flows from operating activities:				
Operating income (loss)	\$ (354,023)	\$ 5,045	\$ (348,978)	\$ (350,760)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities				
Depreciation	1,055		1,055	
Federal commodities	51,118		51,118	47,954
Change in assets and liabilities:				
(Increase)/Decrease in accounts receivable	(41,324)	4,898	(36,426)	(31,861)
(Increase)/Decrease in inventory	(4,553)		(4,553)	1,300
(Increase)/Decrease in interfund receivable	(57,080)		(57,080)	62,718
Increase/(Decrease) in interfund payable		(12,768)	(12,768)	26,998
Increase/(Decrease) in accounts payable	66,014	69	66,083	(12,612)
Increase/(Decrease) in compensated absences				1,895
Increase/(Decrease) in deferred revenue	4,640	(997)	3,643	10,809
Net cash used by operating activities	<u>(334,153)</u>	<u>(3,753)</u>	<u>(337,906)</u>	<u>(243,559)</u>
Cash flows from Non-capital financing activities:				
Cash Received From General Fund	59,880		59,880	11,000
Cash received from state and federal reimbursements/sources	276,192		276,192	272,995
Total Cash Provided by Non-Capital Financing Activities	<u>336,072</u>		<u>336,072</u>	<u>283,995</u>
Cash Flows From Capital and Related Financing Activities:				
Acquisition of Capital Assets	(21,100)		(21,100)	
Net Increase Before Investing Activities	<u>(19,181)</u>		<u>(22,934)</u>	40,436
Cash flows from investing activities:				
Interest on investments	440	295	735	604
Net cash provided by investing activities	<u>440</u>	<u>295</u>	<u>735</u>	<u>604</u>
Net increase/(decrease) in cash and cash equivalents	<u>(18,741)</u>	<u>(3,458)</u>	<u>(22,199)</u>	41,040
Cash and cash equivalents, July 1	57,624	42,123	99,747	58,707
Cash and cash equivalents, June 30	<u>\$ 38,883</u>	<u>\$ 38,665</u>	<u>\$ 77,548</u>	<u>\$ 99,747</u>

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012
(with comparative totals for June 30, 2011)

	Business	Internet	Distance	Transportation	Transportation	Paper	Art	Custodial	Totals	
	Services	Access	Learning	Jointures	Maintenance	Services		Services	2012	2011
	Internal	Internal	Hub	Internal	Internal	Internal	Academy	Community		
	Service Fund	Service Fund	Service Fund	Service Fund	Service Fund	Service Fund	School	Service Fund	2012	2011
ASSETS										
Cash	\$ 14,003	\$ 2,121	\$ 305,579	\$ 982	\$ -	\$ 293,123	\$ 120,456	\$ 103,808	\$ 840,072	\$ 911,445
Accounts Receivable										
Intergovernmental	4,375	5,225				147,827	2,495	456	160,378	136,635
Inventory						303,020			303,020	189,637
Total assets	\$ 18,378	\$ 7,346	\$ 305,579	\$ 982	\$ -	\$ 743,970	\$ 122,951	\$ 104,264	\$ 1,303,470	\$ 1,237,717
LIABILITIES AND RESERVES										
Liabilities:										
Accounts payable	\$ 223	\$ -	\$ 3,677	\$ -	\$ -	\$ 136,615	\$ -	\$ 3,642	\$ 144,157	\$ 62,487
Interfunds Payable				982					982	637
Other Current Liabilities						10,745		3,113	13,858	13,858
Deferred Revenue		7,346	282,403			596,610	122,951	97,509	1,106,819	1,141,056
	223	7,346	286,080	982		743,970	122,951	104,264	1,265,816	1,218,038
Reserves:										
Reserve for encumbrances	18,155		19,499						37,654	19,679
Total Liabilities and Reserves	\$ 18,378	\$ 7,346	\$ 305,579	\$ 982	\$ -	\$ 743,970	\$ 122,951	\$ 104,264	\$ 1,303,470	\$ 1,237,717

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(with comparative totals for June 30, 2011)

	Business	Distance	Transportation	Paper	Custodial	Totals				
	Services Internal Service Fund	Internet Access Service Fund	Learning Hub Service Fund	Jointures Internal Service Fund	Transportation Maintenance Service Fund	Services Internal Service Fund	Art Academy Fund	Internal Service Fund	2012	2011
REVENUE:										
Service charges	\$ 287,168	\$ 6,780	\$ 179,893	\$ 180,263	\$ 7,773	\$ 1,694,418	\$ 153,280	\$ 42,307	\$ 2,551,882	\$ 251,194
Total	287,168	6,780	179,893	180,263	7,773	1,694,418	153,280	42,307	2,551,882	251,194
EXPENDITURES:										
Salaries	136,295	1,839	1,797	167,453	7,221	18,352	77,372	18,755	429,084	387,238
Employee Benefits	46,592	143	137	12,810	552	1,399		987	62,620	16,730
Textbooks										
Purchased professional/technical services	36,646		103,554						140,200	39,024
Other purchased services	171,734					88		2,409	174,231	140,979
Supplies and materials	766					1,754,304			1,755,070	1,651,884
Miscellaneous Other Costs	2,869								2,869	147
Total Expenditures	394,902	1,982	105,488	180,263	7,773	1,774,143	77,372	22,151	2,564,074	2,236,002
Excess of Revenue over										
Expenditures	(107,734)	4,798	74,405			(79,725)	75,908	20,156	(12,192)	280,192
Transfer to Deferred Revenue	91,375	(4,148)	(73,085)			115,010	(75,908)	(16,736)	36,508	(324,982)
Cancellation of Accounts Receivable		(650)		(2,271)				(3,420)	(6,341)	
Transfer	33,014			2,271		(35,285)				
Non-operating Revenues:										
Reserve for encumbrance-beginning	1,500		18,179						19,679	64,469
Reserve for encumbrance-ending	\$ 18,155	\$ -	\$ 19,499	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,654	\$ 19,679

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(with comparative totals for June 30, 2011)

	Business Services Internal Service Fund	Internet Access Internal Service Fund	Distance Learning Service Fund	Transportation Jointures Internal Service Fund	Transportation Maintenance Service Fund	Paper Services Internal Service Fund	Art Academy Fund	Custodial Services Internal Service Fund	Totals	
									2012	2011
Cash flows from operations:										
Cash received from users	\$ 287,168	\$ 6,780	\$ 179,893	\$ 180,263	\$ 8,304	\$ 1,694,418	\$ 153,280	\$ 42,307	\$ 2,552,413	\$ 2,647,809
Interest Income										
Interfund Payments										
Cash paid to suppliers	365,861	13,971	106,518	164,846	7,773	1,861,568	79,867	23,382	2,623,786	2,385,375
Net cash (used) provided from operations	(78,693)	(7,191)	73,375	15,417	531	(167,150)	73,413	18,925	(71,373)	262,434
Cash, July 1	92,696	9,312	232,204	(14,435)	(531)	460,273	47,043	84,883	911,445	649,011
Cash, June 30	\$ 14,003	\$ 2,121	\$ 305,579	\$ 982	\$	\$ 293,123	\$ 120,456	\$ 103,808	\$ 840,072	\$ 911,445

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.

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2012
 (with comparative totals for June 30, 2011)

	Non- Expendable Trust Scholarship	Agency		Totals	
		Student Activity	Payroll	2012	2011
ASSETS:					
Cash and cash equivalents	\$ 94,002	\$ 146,087	\$ 13,833	\$ 253,922	\$ 255,510
Accounts Receivable					388
Due from Scholarship		2,750		2,750	500
Total assets	<u>\$ 94,002</u>	<u>\$ 148,837</u>	<u>\$ 13,833</u>	<u>\$ 256,672</u>	<u>\$ 256,398</u>
LIABILITIES, RESERVES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$	\$	\$	\$	\$ 287
Payroll deductions and withholdings			13,780	13,780	12,413
Due to Student Activity Fund	2,750			2,750	500
Due to student groups		148,837		148,837	160,999
Due to Current			53	53	
Total liabilities	<u>2,750</u>	<u>148,837</u>	<u>13,833</u>	<u>165,420</u>	<u>174,199</u>
Fund balances:					
Reserved-principal portion nonexpendable trust	91,252			91,252	82,199
Total fund balances	<u>91,252</u>			<u>91,252</u>	<u>82,199</u>
Total liabilities, reserves and fund balances	<u>\$ 94,002</u>	<u>\$ 148,837</u>	<u>\$ 13,833</u>	<u>\$ 256,672</u>	<u>\$ 256,398</u>

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES
IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
OPERATING REVENUE:		
Local sources:		
Contributions	\$ 10,850	\$ 4,360
Interest on investments	453	423
	<hr/>	<hr/>
Total operating revenues	11,303	4,783
	<hr/>	<hr/>
OPERATING EXPENSES:		
Scholarship Expenditures	2,250	2,250
	<hr/>	<hr/>
Total operating expenses	2,250	2,250
	<hr/>	<hr/>
Operating income (loss)	9,053	2,533
	<hr/>	<hr/>
Net income (loss)	9,053	2,533
	<hr/>	<hr/>
Fund balance, July 1	82,199	79,666
	<hr/>	<hr/>
Fund balance, June 30	\$ 91,252	\$ 82,199
	<hr/> <hr/>	<hr/> <hr/>

PITTSBORO TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Receivable</u> <u>June 30,</u> <u>2012</u>	<u>Accounts</u> <u>Payable</u> <u>June 30,</u> <u>2012</u>	<u>Balance</u> <u>June 30,</u> <u>2012</u>
ELEMENTARY SCHOOLS:						
Middle	\$ 53,372	\$ 67,929	\$ 71,873		\$	\$ 49,428
Norma	11,017	2,182	2,170			11,029
Olivet	13,509	10,921	9,918			14,512
Total elementary schools	<u>77,898</u>	<u>81,032</u>	<u>83,961</u>	<u>280,690,933</u>		<u>74,969</u>
SENIOR HIGH SCHOOL:						
Arthur P. Schalick - Field Trips	10	1,442	1,441			11
Arthur P. Schalick	81,881	264,765	275,822	2,750		73,574
Total senior high schools	<u>81,891</u>	<u>266,207</u>	<u>277,263</u>	<u>2,750</u>		<u>73,585</u>
OTHER STUDENT ACTIVITIES:						
Arthur P. Schalick High School Athletic Fund	1,210	79,593	80,520			283
Total other student activities:	<u>1,210</u>	<u>79,593</u>	<u>80,520</u>			<u>283</u>
Total all schools	<u>\$ 160,999</u>	<u>\$ 426,832</u>	<u>\$ 441,744</u>	<u>\$ 280,693,683</u>	<u>\$ -</u>	<u>\$ 148,837</u>

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1,</u> <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2012</u>
ASSETS:				
Cash and cash equivalents	\$ 12,413	\$ 16,031,881	\$ 16,030,461	\$ 13,833
Total assets	<u>\$ 12,413</u>	<u>\$ 16,031,881</u>	<u>\$ 16,030,461</u>	<u>\$ 13,833</u>
LIABILITIES:				
Payroll deductions and withholdings Due to Current	\$ 12,413	\$ 16,031,828 53	\$ 16,030,461	\$ 13,780 53
Total liabilities	<u>\$ 12,413</u>	<u>\$ 16,031,881</u>	<u>\$ 16,030,461</u>	<u>\$ 13,833</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.

PITTSBORO TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF SERIAL BONDS
JUNE 30, 2012

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2012</u>
			<u>Date</u>	<u>Amount</u>					
Refunding Bonds of 2009 to refund Series 1999 above	5/1/09	4,850,000	11/1/12	\$ 355,000	3.00%	\$ 4,465,000	\$	\$ 340,000	\$ 4,125,000
			11/1/13	350,000	3.00%				
			11/1/14	345,000	3.00%				
			11/1/15	340,000	3.00%				
			11/1/16	335,000	4.00%				
			11/1/17-19	345,000	5.00%				
			11/1/20-21	345,000	4.25%				
			11/01/22	340,000	4.25%				
			11/01/23	335,000	4.25%				
						<u>\$ 4,465,000</u>	<u>\$</u>	<u>\$ 340,000</u>	<u>\$ 4,125,000</u>

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF SERIAL BONDS
JUNE 30, 2012

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2012</u>
			<u>Date</u>	<u>Amount</u>					
2009 Various Capital Expenditures	12/18/09	\$ 1,856,000	6/30/13	\$ 50,000	3.50%	\$ 1,856,000	\$	\$ 40,000	\$ 1,816,000
			6/30/14	60,000	3.75%				
			6/30/15	70,000	3.75%				
			6/30/16	80,000	3.75%				
			6/30/17	90,000	3.75%				
			6/30/18	100,000	3.75%				
			6/30/19	110,000	3.75%				
			6/30/20	120,000	3.75%				
			6/30/21	130,000	3.75%				
			6/30/22	140,000	4.00%				
			6/30/23	155,000	4.00%				
			6/30/24	160,000	4.00%				
			6/30/25	170,000	4.00%				
			6/30/26	185,000	4.00%				
6/30/27	196,000	4.00%							
						1,856,000		40,000	1,816,000
Total Regular Serial Bonds						\$ 8,230,000		\$ 430,000	\$ 7,800,000

PITTSBORO TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF NJEDA SERIAL BONDS
JUNE 30, 2012

<u>Series</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate Payable</u>	<u>Balance Outstanding July 1, 2011</u>	<u>Retired</u>	<u>Balance Outstanding June 30 2012</u>
			<u>Date</u>	<u>Amount</u>				
NJEDA Safe Program	8/18/93	\$ 249,732	7/15/12	\$ 13,143	1.5%	\$ 39,429	\$ 13,144	\$ 26,285
			7/15/13	13,142				
NJEDA Small Project Loan	8/18/93	749,198	7/15/12-13	53,134	5.288%	159,517	50,877	108,640
						\$ 198,946	\$ 64,021	\$ 134,925

STATEMENT OF EARLY RETIREMENT SERIAL BONDS
JUNE 30, 2012

<u>Series</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate Payable</u>	<u>Balance Outstanding July 1, 2011</u>	<u>Retired</u>	<u>Balance Outstanding June 30 2012</u>
			<u>Date</u>	<u>Amount</u>				
Early Retirement	7/1/03	\$ 520,000	7/1/12	\$ 90,000	5.5%	\$ 175,000	\$ 85,000	\$ 90,000
						\$ 175,000	\$ 85,000	\$ 90,000

PITTSGROVE TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2012

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2011</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Adjustment</u>	<u>Amount Outstanding June 30, 2012</u>
Lease #TE-1869 Roof Membrane and (3) School Buses	5.20%	\$ 752,000	\$	\$ 752,000	\$	\$	\$ 752,000
Lease # TE-1847 Equipment	4.29%	250,000		250,000			
Lease # TE-1847 - Addition	4.29%	131,056		131,056	45,890		335,166
Lease # PUB 10180 Laptops	2.49%	266,912		266,912	69,210		197,702
Lease # 1765700 Energy Retrofit	6.48%	829,974	633,808		79,733		554,075
Lease # TE - 1799 Consolidated Lease	5.05%	777,785	777,785		104,684	6,568	666,533
Lease # 74431 SHS Kitchen Renovation	4.95%	454,336	344,470		43,037		301,433
Lease # 74431 28 New Smartboards	14.94%	88,934	29,428		29,428		
Totals			\$ 1,785,491	\$ 1,399,968	\$ 371,982	\$ 6,568	\$ 2,806,909
				\$ 500,000			
				266,912			
				633,056			
				\$ 1,399,968			

PITTSBORO TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 573,888	\$	\$ 573,888	\$ 573,888	\$
State Sources:					
Debt Service Aid Type II	320,518		320,518	320,518	
Total Revenues	<u>894,406</u>		<u>894,406</u>	<u>894,406</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest on Early Retirement Bonds	7,288		7,288	7,287	1
Interest on Bonds	331,929		331,929	331,928	1
Redemption of Principal	579,021		579,021	579,021	
Total expenditures	<u>918,238</u>		<u>918,238</u>	<u>918,236</u>	<u>2</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,832)		(23,832)	(23,830)	2
Other Financing Sources:					
Operating Transfers In:					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(23,832)		(23,832)	(23,830)	2
Fund Balance, July 1	<u>23,832</u>		<u>23,832</u>	<u>23,832</u>	
Fund Balance, June 30	\$	\$	\$	\$ 2	\$ 2
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Undesignated Fund Balance	\$	\$	\$	\$ 2	\$ 2

STATISTICAL SECTION

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

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities									
Invested in Capital Assets, net of related debt	\$ 3,459,267	\$ 2,458,167	\$ 6,510,492	\$ 6,149,213	\$ 6,180,402	\$ 6,573,146	\$ 4,898,127	\$ 6,760,829	\$ 6,745,097
Restricted	1,069,079	4,954,024	1,165,504	1,325,565	1,052,999	1,175,800	(156,922)	728,346	1,194,025
Unrestricted	(1,130,901)	(1,054,721)	(800,077)	(629,761)	(142,959)	(1,445,934)	27,182	(1,587,578)	(1,484,352)
Total Governmental Activities Net assets	\$ 3,397,445	\$ 6,357,470	\$ 6,875,919	\$ 6,845,017	\$ 7,090,442	\$ 6,303,012	\$ 4,768,387	\$ 5,901,597	\$ 6,454,770
Business-Type Activities									
Invested in Capital Assets, net of related debt	\$ 243	\$	\$ 8,815	\$	\$	\$	\$	\$	\$ 20,045
Unrestricted	14,077	30,925	31,742	58,838	48,881	51,409	39,769	21,562	40,464
Total Business-Type Activities Net Assets	\$ 14,320	\$ 30,925	\$ 40,557	\$ 58,838	\$ 48,881	\$ 51,409	\$ 39,769	\$ 21,562	\$ 60,509
District-Wide									
Invested in Capital Assets, net of related debt	\$ 3,459,510	\$ 2,458,167	\$ 6,519,307	\$ 6,149,213	\$ 6,180,402	\$ 6,573,146	\$ 4,898,127	\$ 6,760,829	\$ 6,765,142
Restricted	1,069,079	4,954,024	1,165,504	1,325,565	1,052,999	1,175,800	(156,922)	728,346	1,194,025
Unrestricted	(1,116,824)	(1,023,796)	(768,335)	(570,923)	(94,078)	(1,394,525)	66,951	(1,566,016)	(1,443,888)
Total District-Wide Net Assets	\$ 3,411,765	\$ 6,388,395	\$ 6,916,476	\$ 6,903,855	\$ 7,139,323	\$ 6,354,421	\$ 4,808,156	\$ 5,923,159	\$ 6,515,279

Source: CAFR Schedule A-1

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

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
Governmental activities									
Instruction									
Regular	\$ 7,505,187	\$ 7,777,298	\$ 7,758,975	\$ 7,468,165	\$ 7,634,910	\$ 8,096,230	\$ 8,093,806	\$ 7,615,098	\$ 7,794,480
Special Education	1,227,034	1,457,099	1,410,174	1,472,185	1,390,199	1,477,034	1,754,533	1,976,525	1,997,959
Other Special Instruction	89,057	167,352	109,993	156,531	180,051	261,667	201,808	265,475	398,908
Other Instruction	403,618	426,617	461,377	394,801	416,452	444,710	411,566	335,613	375,583
Support Services									
Tuition	482,220	453,243	317,399	426,362	467,006	460,091	573,628	604,526	515,590
Student and Instruction Related Services	2,263,304	2,427,358	2,697,032	2,690,429	2,960,358	3,157,058	3,372,253	3,025,587	2,966,962
School Administrative Services	3,074,545	2,456,458	2,620,626	3,402,293	809,369	979,112	990,849	1,135,057	1,131,465
General Administrative Services	429,457	735,838	456,942	488,868	2,892,248	3,672,041	3,120,429	2,229,581	2,301,980
Central Services and Information Technology		410,514	823,228	870,273	725,035	901,986	1,031,326	706,497	877,653
Plant Operations and Maintenance	2,381,268	2,325,600	2,059,603	2,121,444	2,384,032	2,619,454	2,447,903	2,526,263	2,556,330
Pupil Transportation	916,299	900,945	938,589	1,087,651	1,199,962	1,208,280	1,349,597	1,445,650	1,612,043
Employee Benefits	4,031,997	3,960,092	4,276,577	5,596,365	5,859,781	5,571,117	6,121,465	5,912,097	6,287,693
Business and Other Support Services	1,334,868	191,580	127,394	290,324	221,515	82,774	27,685	128,856	394,902
Special Schools			60,102	65,925	72,884	73,440	56,746	101,308	93,866
Amortization of Debt Issue Costs	5,257	6,683	8,109	8,109	8,109	25,867	25,867	6,509	6,510
Interest on Long-Term Debt	415,690	376,736	439,905	429,168	493,377	265,002	332,050	396,553	347,045
Unallocated Depreciation and Amortization	637,519	622,334	644,806	676,823	872,321	943,646	2,000,447	1,191,857	1,214,157
Total Governmental Activities Expenses	25,197,320	24,695,747	25,210,831	27,645,716	28,587,609	30,239,509	31,911,958	29,603,052	30,873,126
Business-Type Activities									
Food Service	739,384	778,178	749,039	784,383	846,267	859,983	832,174	773,902	779,706
Child Care	116,648	127,736	121,936	159,021	148,074	141,889	129,659	145,651	145,301
Total Business-Type Activities Expense	856,032	905,914	870,975	943,404	994,341	1,001,872	961,833	919,553	925,007
Total District Expenses	\$ 26,053,352	\$ 25,601,661	\$ 26,081,806	\$ 28,589,120	\$ 29,581,950	\$ 31,241,381	\$ 32,873,791	\$ 30,522,605	\$ 31,798,133
Program Revenues									
Governmental Activities									
Charges for Services	\$ 4,191,384	\$ 2,814,837	\$ 2,475,167	\$ 3,529,557	\$ 3,521,345	\$ 3,685,495	\$ 3,446,323	\$ 2,191,212	\$ 2,588,390
Operating Grants and Contributions	1,207,466	1,423,488	2,821,686	3,544,144	3,649,039	2,407,917	2,688,851	2,528,490	2,817,784
Total Governmental Activities Program Revenues	5,398,850	4,238,325	5,296,853	7,073,701	7,170,384	6,093,412	6,135,174	4,719,702	5,406,174
Business-Type Activities									
Charges for Services									
Food Service	448,678	447,550	456,659	464,742	484,560	489,920	473,046	409,787	425,683
Child Care	97,282	143,971	119,934	174,687	139,256	146,065	120,408	159,006	150,346
Operating Grants and Contributions	246,983	300,961	282,478	293,220	300,431	316,876	345,128	320,949	327,310
Total Business-Type Activities Program Revenues	792,943	892,482	859,071	932,649	924,247	952,861	938,582	889,742	903,339
Total District Program Revenues	\$ 6,191,793	\$ 5,130,807	\$ 6,155,924	\$ 8,006,350	\$ 8,094,631	\$ 7,046,273	\$ 7,073,756	\$ 5,609,444	\$ 6,309,513
Net (Expense)/Revenue									
Governmental Activities									
	\$ (19,798,470)	\$ (20,457,422)	\$ (19,913,978)	\$ (20,572,015)	\$ (21,417,225)	\$ (24,146,097)	\$ (25,776,784)	\$ (24,883,350)	\$ (25,466,952)
Business-Type Activities									
	(63,089)	(13,432)	(11,904)	(10,755)	(70,094)	(49,011)	(23,251)	(29,811)	(21,668)
Total District-Wide Net Expense	\$ (19,861,559)	\$ (20,470,854)	\$ (19,925,882)	\$ (20,582,770)	\$ (21,487,319)	\$ (24,195,108)	\$ (25,800,035)	\$ (24,913,161)	\$ (25,488,620)
General Revenues and Other Changes in Net Assets									
Governmental Activities									
Property Taxes Levied for General Purposes, net	\$ 6,990,407	\$ 7,423,995	\$ 8,020,549	\$ 8,164,880	\$ 8,461,511	\$ 8,345,144	\$ 8,625,275	\$ 8,483,060	\$ 8,483,060
Taxes Levied for Debt Service	398,298	399,688	399,688	399,688	370,652	449,121	454,880	583,860	573,888
Unrestricted Grants and Contributions	11,284,252	13,873,384	10,524,806	10,525,828	10,996,417	12,612,748	13,276,946	13,956,827	13,752,737
Tuition Received	1,469,218	1,413,465	1,296,025	1,336,190	1,499,984	1,578,018	1,663,587	2,766,329	3,040,004
Investment Earnings	31,529	52,416	96,340	137,988	91,921	30,284	24,855	17,399	11,597
Miscellaneous Income	339,961	292,447	275,730	295,035	237,759	260,955	207,616	220,085	260,398
Gain on Defeasement of Debt						132,873			6,568
Accrued Interest and Fixed Asset Adjustments			(114,933)	(308,020)	14,882				
Cancellation of Accounts Receivable									(6,341)
Transfer to Charter School	(7,378)	(7,948)	(8,478)						(41,906)
Transfers	(30,000)	(30,000)	(57,300)	(10,476)	(10,476)	(50,476)		(11,000)	(59,880)
Total Governmental Activities	20,476,287	23,417,447	20,432,427	20,541,113	21,662,650	23,358,667	24,253,159	26,016,560	26,020,125
Business-Type Activities									
Investment Earnings		37	2,088	6,560	4,038	1,063	611	604	735
Miscellaneous Income	24,205			12,000	12,732				
Prior Year Adjustments			(37,852)		32,891				
Transfer	30,000	30,000	57,300	10,476	10,476	50,476		11,000	59,880
Total Business-Type Activities	54,205	30,037	21,536	29,036	60,137	51,539	611	11,604	60,615
Total District-Wide	\$ 20,530,492	\$ 23,447,484	\$ 20,453,963	\$ 20,570,149	\$ 21,722,787	\$ 23,410,206	\$ 24,253,770	\$ 26,028,164	\$ 26,080,740
Change in Net Assets									
Governmental Activities									
	\$ 677,817	\$ 2,960,025	\$ 518,449	\$ (30,902)	\$ 245,425	\$ (787,430)	\$ (1,523,625)	\$ 1,133,210	\$ 553,173
Business-Type Activities									
	(8,884)	16,605	9,632	18,281	(9,957)	2,528	(22,640)	(18,207)	38,947
Total District-Wide	\$ 668,933	\$ 2,976,630	\$ 528,081	\$ (12,621)	\$ 235,468	\$ (784,902)	\$ (1,546,265)	\$ 1,115,003	\$ 592,120

Source: CAFR Schedule A-2

TOWNSHIP OF PITTSBURGH SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund									
Reserved	\$ 88,920	\$ 1,081,785	\$ 1,126,229	\$ 1,130,674	\$ 1,318,264	\$ 1,059,301	\$ 543,765	\$ 244,210	\$ 607,456
Unreserved	73,223	194,965	80,918	13,687	(67,668)	(756,755)	(1,032,703)	(806,569)	(700,726)
Total General Fund	\$ 162,143	\$ 1,276,750	\$ 1,207,147	\$ 1,144,361	\$ 1,250,596	\$ 302,546	\$ (488,938)	\$ (562,359)	\$ (93,270)
All Other Governmental Funds									
Reserved	\$ 158,951	\$ 3,606,518	\$ 89,335	\$	\$	\$	\$ 2,503,077	\$	\$
Unreserved, Reported in:									
Special Revenue Fund	(16,388)	(16,388)	(16,388)	(16,388)	(21,311)	(6,930)	(6,930)	(6,930)	(6,930)
Capital Projects Fund	40,526	194,871	60,584	114,382	112,254	112,254	(693,611)	385,035	395,953
Debt Service Fund	4,290	35,295	31,005		2	3	23,832	23,832	2
Permanent Fund	51,059	63,828	64,911	71,525	75,982	77,675	79,666	82,199	91,252
Total All Other Governmental Funds	\$ 238,438	\$ 3,884,124	\$ 229,447	\$ 169,519	\$ 166,927	\$ 183,002	\$ 1,906,034	\$ 484,136	\$ 480,277

Source: CAFR Schedule B-1

TOWNSHIP OF PITTSBORO SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Tax Levy	\$ 6,471,493	\$ 7,388,705	\$ 7,823,683	\$ 8,420,237	\$ 8,564,568	\$ 8,832,163	\$ 8,794,265	\$ 9,080,155	\$ 9,066,920	\$ 9,056,948
Tuition Charges	1,141,014	1,469,218	1,413,465	1,296,025	1,336,190	1,499,984	1,578,018	1,663,587	2,766,329	3,030,411
Tuition from State of New Jersey										9,593
Rent	3,543	10,668								
Interest Earnings	35,631	31,529	34,389	95,854	137,988	91,894	30,284	24,855	17,399	11,597
Miscellaneous	182,593	318,098	297,366	279,898	303,225	244,638	267,644	207,616	220,085	260,398
State Sources	10,796,420	11,534,762	12,197,671	12,310,952	13,159,024	13,766,835	14,213,812	12,974,281	15,606,741	15,317,128
Federal Sources	808,063	859,341	991,556	1,027,497	902,715	871,742	800,166	2,991,516	878,576	1,253,393
Local Sources										
Total Revenues	19,438,757	21,612,321	22,758,130	23,430,463	24,403,710	25,307,256	25,684,189	26,942,010	28,556,050	28,939,468
Expenditures										
Instruction										
Regular Instruction	6,679,506	7,347,451	7,889,994	7,758,975	7,563,231	7,634,910	8,096,231	8,190,926	7,659,818	7,583,063
Special Education Instruction	1,118,403	1,227,034	1,457,099	1,410,174	1,472,185	1,390,199	1,477,034	1,754,533	1,976,525	1,997,959
Other Special Instruction	67,148	89,057	167,352	109,993	156,531	180,051	261,667	201,808	265,475	398,908
Other Instruction	347,546	403,618	426,617	461,377	394,801	416,452	444,710	411,566	335,613	375,583
Support Services										
Tuition	459,799	482,220	453,243	317,399	426,362	467,006	460,091	573,628	604,526	515,590
Student and Instruction Related Services	1,959,359	2,100,541	2,112,441	2,486,040	2,211,908	2,581,781	2,753,777	2,930,502	2,809,023	2,889,590
School Administrative Services	874,359	748,772	479,115	767,926	737,755	809,369	979,112	990,849	1,135,057	1,131,465
General Administrative Services	430,389	429,457	763,460	456,942	488,868	543,214	509,884	648,049	559,092	525,446
Central Services and Information Tech			415,514	823,228	870,273	725,035	767,403	786,096	693,832	770,183
Plant Operations and Maintenance	1,524,598	1,729,259	2,000,669	2,040,918	2,111,635	2,268,645	2,499,609	2,410,917	2,508,084	2,580,069
Pupil Transportation	796,126	881,061	907,824	1,040,497	1,037,745	1,281,853	1,223,458	1,357,368	1,262,832	1,528,691
Business and Other Support Services	374,334	419,953	328							
Unallocated Employee Benefits	3,287,797	3,818,973	3,966,167	4,389,189	5,657,445	5,764,717	5,549,810	6,124,014	5,938,758	6,267,598
Special Schools	2,930			60,102	65,925	72,884	73,440	56,746	101,308	93,866
Capital Outlay	797,949	341,039	887,300	4,321,312	575,601	1,371,952	1,224,172	856,466	3,291,389	1,929,261
Debt Service										
Principal	468,497	509,914	509,171	537,876	538,533	366,254	478,078	534,929	536,923	579,021
Interest and Other Charges	414,684	415,690	376,736	453,551	425,850	398,603	378,668	296,895	362,114	339,215
Total Expenditures	19,603,424	20,944,039	22,813,030	27,435,499	24,734,648	26,272,925	27,177,144	28,125,292	30,040,369	29,505,508
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(164,667)	668,282	(54,900)	(4,005,036)	(330,938)	(965,669)	(1,492,955)	(1,183,282)	(1,484,319)	(566,040)
Other Financing Sources (Uses)										
Transfer to Charter School	(6,864)	(7,378)	(7,948)	(8,478)						(41,906)
Capital Lease (Non-budgeted)	376,602	85,200	443,162	346,534	218,700	1,081,916	611,456	269,830		1,133,056
Bond Proceeds								1,856,000		
Transfers	(328,800)	(107,461)	(21,933)	(57,300)	(10,476)	(12,604)	(50,476)	(11,000)	(11,000)	(59,880)
Total Other Financing Sources (Uses)	40,938	(29,639)	413,281	280,756	208,224	1,069,312	560,980	2,114,830	(11,000)	1,031,270
Special Item										
Prior Year Insurance Settlement	(117,562)									
Net Change in Fund Balances	\$ (241,291)	\$ 638,643	\$ 358,381	\$ (3,724,280)	\$ (122,714)	\$ 103,643	\$ (931,975)	\$ 931,548	\$ (1,495,319)	\$ 465,230
Debt Service as a Percentage of										
Noncapital Expenditures	4.7%	4.5%	4.0%	4.3%	4.0%	3.1%	3.3%	3.1%	3.4%	3.3%

Source: CAFR Schedule B-2

TOWNSHIP OF PITTSBORO 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>Rentals</u> <u>and Use</u> <u>of</u> <u>Facilities</u>	<u>Prior Year</u> <u>Tuition</u>	<u>Services</u> <u>to Other</u> <u>LEAs</u>	<u>Refund of</u> <u>Prior Year</u> <u>Expenditure</u>	<u>Insurance</u> <u>Refunds and</u> <u>Settlement</u>	<u>Athletic</u> <u>Receipts</u>	<u>Energy</u> <u>Admin</u> <u>Fee</u>	<u>Sale of</u> <u>Paper</u>	<u>Misc.</u>	<u>Total</u>
2012	\$ 9,998	\$ 3,040,004	\$ 5,992	\$ 21,530	\$ 107,562	\$ 24,269	\$ 982	\$ 12,776	\$ 47,735		\$ 1,079	\$ 3,271,927
2011	10,700	2,766,329	16,288	32,977	73,900	7,926	4,341	15,028	45,651		12,329	2,985,469
2010	14,748	1,663,587	15,792	19,205	105,917	500	11,004	14,038	26,674		3,701	1,875,166
2009	27,105	1,578,018	14,505	870	130,963	17,311	32,536	15,162	38,202		7,091	1,861,763
2008	76,102	1,499,984	11,251	527	126,267	18,041	39,459	23,359	14,087		18	1,809,095
2007	137,988	1,336,190	15,137	49,024	143,838	29,687	21,665	13,822			30,052	1,777,403
2006	95,854	1,296,025	13,155	6,046	95,445	16,186	33,953	18,634		80,000	16,479	1,671,777
2005	33,969	1,413,465	16,476	56,101	36,005	10,638	36,030	16,956		85,000	24,811	1,729,451
2004	31,529	1,469,218	10,668	48,035	124,589	19,728	14,234	7,000		58,825	25,779	1,809,605
2003	35,534	1,141,014	3,543	11,225	91,300	14,915	18,192	8,000			16,252	1,339,975

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial and Apartment	Total Assessed Value	Public Utilities^a	Net Valuation Taxable	Total Direct School Tax Rate^b	Estimated Actual (County Equalized Value
2012	\$ 15,634,200	\$ 479,213,600	\$ 52,128,600	\$ 5,404,900	\$ 52,936,800	\$	\$ 605,318,100	\$ 1,488,950	\$ 606,807,050	\$ 1.524	\$ 656,677,416 ^c
2011	15,819,000	479,494,800	52,294,400	5,540,200	52,603,300		605,751,700	1,527,972	607,279,672	1.492	674,374,498
2010	15,784,300	478,832,100	53,269,500	5,502,600	51,823,700		605,212,200	1,831,644	607,043,844	1.495	711,299,851
2009	16,928,800	475,124,900	51,948,000	5,531,700	51,299,600		600,833,000	1,813,634	602,646,634	1.468	724,793,252
2008	16,892,800	471,670,200	53,651,800	5,236,200	51,371,500		598,822,500	1,628,094	600,450,594	1.468	745,017,560
2007	18,678,500	463,937,500	51,587,700	5,251,400	53,041,200		592,496,300	1,674,563	594,170,863	1.464	735,143,635
2006	20,531,200	452,487,700	50,310,800	5,270,700	53,660,200		582,260,600	1,815,309	584,075,909	1.398	599,495,883
2005	25,341,000	437,510,900	48,001,200	5,262,300	55,643,000		571,758,400	2,019,874	573,778,274	1.416	585,098,649
2004	29,878,100	436,399,400	47,958,400	5,260,200	61,031,200		580,527,300	2,061,256	582,588,556	1.306	529,871,577
2003	11,149,400	222,330,400	23,630,500	3,411,900	31,113,500		291,635,700	1,466,446	293,102,146	2.364	462,766,899

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

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

Year Ended June 30,	Pittsgrove Township Board of Education			Overlapping Rates			
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Pittsgrove Township	Salem County	Municipal Open Space	Total
2012	\$ 1.427	\$ 0.097	\$ 1.524	\$ 0.261	\$ 1.019	\$ 0.015	\$ 2.819
2011	1.396	0.096	1.492	0.216	0.994	0.030	2.732
2010	1.420	0.075	1.495	0.216	1.034	0.030	2.775
2009	1.406	0.076	1.482	0.216	1.068	0.030	2.796
2008	1.406	0.062	1.468	0.238	1.150	0.031	2.887
2007	1.386	0.068	1.454	0.253	1.013	0.030	2.750
2006	1.332	0.066	1.398	0.253	1.013	0.030	2.694
2005	1.344	0.072	1.416	0.227	0.909	0.030	2.582
2004	1.236	0.070	1.306	0.169	0.815	0.030	2.320
2003	2.233	0.131	2.364	0.289	1.432	0.005	4.090

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 prebudget 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.

**TOWNSHIP OF PITTSGROVE SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
Unaudited**

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Nancy-Lee Inc.	5,742,000	1	0.95%	5,742,000	1	1.96%
LJK Golf LLC	4,118,400	2	0.68%			
Bifulco Brothers	3,754,000	3	0.62%	2,199,500	7	0.75%
Rainbow of NJ	2,719,000	4	0.45%	2,719,000	5	0.93%
Taxpayer #1	2,427,300	5	0.40%	2,306,500	6	0.79%
Taxpayer #2	2,152,800	6	0.36%	1,802,800	10	0.62%
Windover LLC	2,015,200	7	0.33%	2,015,200	9	0.69%
PAR 3 Management LLC	1,790,000	8	0.30%			
Mayerfeld Farms & Supply Co. Inc.	1,732,100	9	0.29%			
T&T Management LLC	1,730,800	10	0.29%			
Running Deer Golf Co.				4,529,800	2	1.55%
QPC Golf, LLC				3,298,900	3	1.13%
K. Hovnanian at Pittsgrove, LLC				3,162,900	4	1.08%
Eatmor Market				2,168,400	8	0.74%
Total	\$ 22,439,600		3.71%	\$ 29,945,000		10.24%

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2012	\$ 9,056,948	\$ 9,056,948	100.00%	\$
2011	9,066,921	9,066,921	100.00%	
2010	9,080,155	9,080,155	100.00%	
2009	8,794,265	8,794,265	100.00%	
2008	8,832,163	8,832,163	100.00%	
2007	8,564,256	8,564,256	100.00%	
2006	8,420,237	8,420,237	100.00%	
2005	8,420,237	8,420,237	100.00%	
2004	7,823,683	7,823,683	100.00%	
2003	7,388,705	7,388,705	100.00%	

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

Note:

TOWNSHIP OF PITTSBORO 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 ^b	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Personal Income		Per Capita ^a	
2012	\$ 8,024,925	\$ 2,806,909	\$	\$	10,831,834	2.80%	\$ 1,158	*
2011	8,603,946	1,785,491			10,389,437	2.74%	1,109	*
2010	9,140,869	2,000,764			11,141,633	2.91%	1,154	
2009	7,819,798	2,102,572			9,922,370	2.67%	1,029	
2008	8,352,876	1,792,501			10,145,377	2.81%	1,102	
2007	8,719,130	1,156,493			9,875,623	2.87%	1,046	
2006	9,257,663	1,345,147			10,602,810	3.19%	1,107	
2005	9,795,539	1,389,546			11,185,085	3.59%	1,186	
2004	8,240,710	1,314,581			9,555,291	3.16%	1,028	
2003	8,247,819	1,418,355			9,666,174	3.40%	1,050	

* Estimate

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-13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

b Includes Early Retirement Incentive Plan (ERIP) refunding

TOWNSHIP OF PITTSBORO 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			
2012	\$ 8,024,925	\$	\$ 8,024,925	1.22%	\$ 858 *
2011	8,603,946		8,603,946	1.21%	919 *
2010	9,140,869		9,140,869	1.26%	975
2009	7,819,798		7,819,798	1.08%	825
2008	8,352,876		8,352,876	1.12%	882
2007	8,719,130		8,719,130	1.19%	922
2006	9,257,663		9,257,663	1.54%	979
2005	9,795,539		9,795,539	1.67%	1,047
2004	8,240,710		8,240,710	1.56%	894
2003	8,247,819		8,247,819	1.78%	906

* 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-13.

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.

TOWNSHIP OF PITTSGROVE SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2012

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Pittsgrove Township	\$ 2,055,520	100.000%	\$ 2,055,520
Other debt			
County of Salem - Township's Share	46,515,464	12.246%	5,696,482
Subtotal, Overlapping Debt			<u>7,752,002</u>
Pittsgrove Township School District Direct Debt			<u>8,603,946</u>
Total Direct and Overlapping Debt			<u><u>\$ 16,355,948</u></u>

Sources: Pittsgrove Township Finance Officer and 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 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.

**TOWNSHIP OF PITTSBURGH SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Legal Debt Margin Calculation for Fiscal Year 2012

	Equalized Valuation Basis	
	2011	\$ 653,665,372
	2010	669,927,164
	2009	702,235,858
	[A]	\$ 2,025,828,394
Average Equalized Valuation of Taxable Property	[A/3]	\$ 675,276,131
Debt Limit (4% of Average Equalization Value)	[B]	\$ 27,011,045 ^a
Net Bonded School Debt	[C]	8,024,925
Legal Debt Margin	[B-C]	\$ 18,986,120

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	15,862,040	\$ 16,901,734	\$ 18,702,736	\$ 21,036,495	\$ 23,744,900	\$ 26,459,533	\$ 28,229,424	\$ 28,713,938	\$ 27,866,713	\$ 27,011,045
Total Net Debt Applicable to Limit	8,247,819	8,240,710	9,795,539	9,257,663	8,719,130	8,352,876	7,819,798	9,140,869	8,603,946	8,024,925
Legal Debt Margin	<u>\$ 7,614,221</u>	<u>\$ 8,661,024</u>	<u>\$ 8,907,197</u>	<u>\$ 11,778,832</u>	<u>\$ 15,025,770</u>	<u>\$ 18,106,657</u>	<u>\$ 20,409,626</u>	<u>\$ 19,573,069</u>	<u>\$ 19,262,767</u>	<u>\$ 18,986,120</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	52.00%	48.76%	52.37%	44.01%	36.72%	31.57%	27.70%	31.83%	30.88%	29.71%

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

^a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

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

<u>Year</u>	<u>Population</u> ^a	<u>Personal Income (thousands of dollars)</u> ^b	<u>Per Capita Personal Income</u> ^c	<u>Unemployment Rate</u> ^d
2012	** 9,354	\$ 386,395,421	\$ 41,308	** 9.4%
2011	9,367	379,345,515	40,498	9.5%
2010	9,380	372,423,520	39,704	10.0%
2009	9,475	365,251,775	38,549	9.5%
2008	9,471	371,130,606	39,186	5.5%
2007	9,453	344,401,149	36,433	4.3%
2006	9,461	328,391,310	34,710	4.4%
2005	9,356	308,841,560	33,010	4.7%
2004	9,217	299,755,274	32,522	5.9%
2003	9,103	281,455,657	30,919	5.5%

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

TOWNSHIP OF PITTSBURGH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	<u>2012</u>		<u>2003</u>	
<u>Employer</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.

TOWNSHIP OF PITTSGROVE SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
Unaudited

<u>Function/Program</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>2012</u>
Instruction										
Regular	133.10	140.50	143.50	145.50	142.00	136.50	135.50	127.50	125.70	128.00
Special education	12.40	13.00	11.50	13.50	21.00	24.00	25.10	25.10	25.10	25.10
Support Services:										
Student & instruction related services	31.00	31.10	30.20	33.45	28.50	24.30	36.00	38.50	38.50	38.50
General administrative services	3.50	4.00	3.50	4.00	4.00	4.00	3.50	2.50	2.50	2.50
School administrative services	17.00	15.50	14.00	14.00	13.00	15.50	16.00	14.00	14.00	14.00
Central services	5.50	4.50	4.50	5.50	8.00	10.50	10.00	6.50	5.50	5.50
Administrative information technology	-	-	1.00	1.00	4.00	4.00	4.50	4.50	4.50	4.50
Plant operations and maintenance	26.00	26.00	10.90	20.75	20.00	16.20	19.00	19.00	19.00	19.00
Pupil transportation	21.75	21.75	21.75	13.00	19.00	23.70	32.00	24.00	24.00	24.00
Total	<u>250.25</u>	<u>256.35</u>	<u>240.85</u>	<u>250.70</u>	<u>259.50</u>	<u>258.70</u>	<u>281.60</u>	<u>261.60</u>	<u>258.80</u>	<u>261.10</u>

Source: District Personnel Records

TOWNSHIP OF PITTSBURGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
Unaudited

Fiscal	Enrollment	Operating Expenditures (1)	Cost Per Pupil	Percentage Change	Teaching Staff (2)	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) (3)	Average Daily Attendance (ADA) (3)	% Change in Average Daily Enrollment	Student Attendance Percentage	
						Pre K & K	Elementary	Middle School					High School
2012	1815	\$ 27,576,247	\$ -	-100.00%	153.10	1 : 15.4	1 : 15.2	1 : 12.4	1 : 11.3	1,742	1,665	-5.12%	95.58%
2011	1,891	26,748,980	14,145	-0.85%	150.80	1 : 14.5	1 : 11.2	1 : 10.7	1 : 10.4	1,836	1,753	2.91%	95.48%
2010	1,853	26,437,002	14,267	5.12%	152.60	1 : 14.0	1 : 17.0	1 : 16.0	1 : 15.7	1,784	1,704	-0.61%	95.52%
2009	1,849	25,096,226	13,573	8.98%	166.50	1 : 7.7	1 : 8.8	1 : 9.0	1:08.7	1,795	1,704	-3.97%	94.93%
2008	1,938	24,136,116	12,454	7.28%	151.50	1:14.9	1:13.4	1:12.0	1:13.4	1,869	1,765	-3.30%	94.43%
2007	1,998	23,194,664	11,609	1.01%	143.00	1:18.7	1:12.9	1:13.6	1:12.6	1,933	1,827	0.16%	94.52%
2006	1,925	22,122,760	11,492	3.89%	147.90	1:17.2	1:12.2	1:13.2	1:13.0	1,930	1,825	-2.70%	94.56%
2005	1,902	21,039,823	11,062	2.76%	176.00	1:14.5	1:13.5	1:13.2	1:12.8	1,984	1,869	4.77%	94.20%
2004	1,828	19,677,396	10,764	10.87%	175.00	1:12.8	1:14.4	1:13.7	1:11.6	1,893	1,760	1.13%	92.95%
2003	1,846	17,922,294	9,709	-0.38%	164.00	1:15.2	1:14.3	1:14.5	1:13.2	1,872	1,769	0.88%	94.49%

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

Note: Enrollment based on annual October district count.

- (1) Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- (2) Teaching staff includes only full-time equivalents of certificated staff. 2006 information obtained from the fall survey.
- (3) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

TOWNSHIP OF PITTSGROVE SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
Unaudited

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
District Building										
Elementary										
Norma School (1953, 1994)										
Square Feet	22,110	22,110	22,110	22,110	22,110	22,110	22,110	22,110	22,110	22,110
Capacity (students)	135	135	135	135	135	135	135	135	135	135
Enrollment	155.2	173.9	189.5	168.0	187.0	188.0	189.0	173.0	120.0	128.0
Olivet School (1930, 1957, 1966, 1992)										
Square Feet	56,659	56,659	56,659	56,659	56,659	56,659	56,659	56,659	56,659	56,659
Capacity (students)	630	630	630	630	630	630	630	630	630	630
Enrollment	243.1	406.0	425.2	441.0	476.0	481.0	456.0	466.0	486.0	491.0
Elmer School										
Square Feet	19,281	19,281								
Capacity (students)	158	158								
Enrollment	384.6	240.1								
Middle School										
Pittsgrove Middle School (1912, 1999)										
Square Feet	88,473	88,473	88,473	88,473	88,473	88,473	88,473	88,473	88,473	88,473
Capacity (students)	630	630	630	630	630	630	630	630	630	630
Enrollment	433.0	430.7	558.5	577.0	612.0	609.0	634.0	642.0	625.0	646.0
High School										
Arthur P. Schalick High School (1976)										
Square Feet	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000
Capacity (students)	721	721	721	721	721	721	721	721	721	721
Enrollment	599.2	640.5	680.0	663.0	689.0	720.0	646.0	621.0	597.0	581.0
Other										
Maintenance Building (2000)										
Square Feet	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400
Annex Building (1933, 1942)										
Square Feet	5,828	5,828	5,828	5,828	5,828	5,828	5,828	5,828	5,828	5,828
Board of Education (1989)										
Square Feet	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800
Round House (1985)										
Square Feet	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Number of Schools at June 30, 2012										
Preschool & Kindergarten = 1										
Elementary = 3										
Middle School = 1										
High School = 1										

Source: District records, ASSA

Note: Year of original construction is shown in parentheses along with additions. Increases in square footage and capacity are the result of any additions. Enrollment is based on the annual October district count.

TOWNSHIP OF PITTSBGROVE SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
Unaudited

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

<u>School Facilities</u>	<u>Gross Square Footage</u>	<u>2012</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>	<u>2003</u>
A.P. Schalick High School	112,000	\$ 38,062	\$ 16,324	\$ 77,483	\$ 57,478	\$ 50,098	\$ 52,492	\$ 104,797	\$ 106,279	\$ 62,873	\$ 29,410
Pittsgrove Middle School	88,473	3,293	8,608	12,851	21,382	52,954	26,348	25,245	46,651	25,408	16,275
Olivet Elementary School	56,659	8,709	3,126	2,581	37,634	25,889	32,099	36,822	37,220	27,484	20,278
Elmer Elementary School	19,281	4,811	7,504								
Norma Elementary School	22,110	11,931	6,213	4,830	13,565	30,982	19,808	17,443	28,722	18,549	13,672
Total School Facilities		<u>66,806</u>	<u>41,775</u>	<u>97,745</u>	<u>130,059</u>	<u>159,923</u>	<u>130,747</u>	<u>184,307</u>	<u>218,872</u>	<u>134,314</u>	<u>79,635</u>
Other Facilities	15,028	47,607	59,108	58,143	63,280	10,310	10,585	6,421			
Grand Total		<u>\$ 114,413</u>	<u>\$ 100,883</u>	<u>\$ 155,888</u>	<u>\$ 193,339</u>	<u>\$ 170,233</u>	<u>\$ 141,332</u>	<u>\$ 190,728</u>	<u>\$ 218,872</u>	<u>\$ 134,314</u>	<u>\$ 79,635</u>

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

TOWNSHIP OF PITTSBORO SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2012
Unaudited

	Coverage	Deductible
Republic Franklin Insurance Company/Utica National Insurance Group		
Commercial Package Policy		
Property Section		
Property - Blanket Building & Contents	\$ 51,211,933	\$ 1,000
General Liability Section		
General Aggregate Limit	3,000,000	
Products and Completed Operations Limit	3,000,000	
Personal Advertising Injury Limit	1,000,000	
Each Occurrence Limit	1,000,000	
School District Legal Liability Coverage		
Legal Liability (Each Claim)	1,000,000	
Aggregate	3,000,000	
Insured's Retained Limit (Each Loss)	7,500	
Employee Benefit Liability		
Limit of Liability	1,000,000	
Annual Aggregate	3,000,000	
Retroactive Date 7/01/1990		
Insured's Retained Limit (Each Claim)	1,000	
Commercial Crime Section		
Employee Dishonest Coverage (Per Loss)	100,000	
Commercial Inland Marine		
Hardware	718,827	250
Software	35,000	250
Extra Expense	15,000	250
Business Auto Policy		
Liability Limit	1,000,000	
Comprehensive Deductible		\$ 500
Collision Deductible		\$ 1,000
Utica National Insurance Group ERIC/NJSBAIG		
Umbrella Liability	10,000,000	
Workers Compensation		
Bodily Injury by Accident (Each Accident)	2,000,000	
Bodily Injury by Disease (Agreement Limit)	2,000,000	
Bodily Injury by Disease (Each Employee)	2,000,000	
Student Accident Coverage - Berkley Ins. Co./McGloskey Ins. Co.		
Compulsory Student Accident Coverage	1,000,000	
Catastrophic Student Accident Coverage - Markel Ins. Co.		
Accident Medical Expense Benefit Per Participant	5,000,000	
Catastrophic Cash Benefit	500,000	
Selective Insurance		
Public Official Bond -Business Administrator	250,000	
Public Official Bond - Business Administrator	250,000	

Source: District Insurance Agent

* Policy will pay the difference between what workers' compensation pays and what the employee is paid weekly.

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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November 1, 2012

**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
Pittsgrove Township School District
County of Salem, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Pittsgrove School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the Board of Education of the Pittsgrove School District's basis financial statements and have issued our report thereon dated November 1, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Board of Education of the Pittsgrove School District, in the County of Salem, State of New Jersey, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Pittsgrove Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pittsgrove Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Pittsgrove 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 deficiency in internal control over financial reporting that we consider to be a material weakness, as defined above and which is described in the accompanying schedule of findings and questioned costs. There were, however, two immaterial deficiencies in internal control over financial reporting that we have reported to the Board of Education of the Pittsgrove School District in a separate *Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance* dated November 1, 2012, labeled *Findings 2012- 2 and 3*.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 Office of School Finance, Department of Education, State of New Jersey.

There was, however, an immaterial instance of noncompliance that we have reported to the Board of Education of the Pittsgrove School District in a separate *Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance* dated November 1, 2012, labeled *Findings 2012- 1*.

This report is intended solely for the information and use of the audit committee, management, the Pittsgrove Board of Education, the New Jersey Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

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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November 1, 2012

**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 OMB CIRCULAR A-133 AND
NEW JERSEY OMB CIRCULAR 04-04**

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

Compliance

We have audited of the Board of Education of the Pittsgrove Township School District, in the County of Salem, State of New Jersey, compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of Pittsgrove Township School District's major federal and state programs for the fiscal year ended June 30, 2012. The 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 federal and state programs is the responsibility of the Pittsgrove Township Board of Education's management. Our responsibility is to express an opinion on the 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; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Pittsgrove Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Pittsgrove Township Board of Education's compliance with those requirements.

In our opinion, the Board of Education of the Pittsgrove Township School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012.

Internal Control Over Compliance

Management of the Board of Education of the Pittsgrove Township School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Pittsgrove Township Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Pittsgrove Township Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance; such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and 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.

The Board of Education of the Pittsgrove Township School District responses to the findings identified in our audit is described in the accompanying schedule of findings and questioned cost. We did not audit the Board of Education of the Pittsgrove Township School District responses and, accordingly, we express no opinion on the responses.

This report is intended for the information and use of the audit committee, management, the Pittsgrove Township Board of Education, the New Jersey State Department of Education, and other federal and 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. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

**PITTSBURGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - SCHEDULE A
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Federal Grantor/Pass-Through Grantor / Program Title	CFDA Number	State Project Number	Grant Period From To	Program or Award Amount	June 30, 2011			Carryover Walkover Amount	Cash Received	Budgetary Expenditures	Adj.	(Accounts Receivable) June 30, 2012	Deferred Revenue	Due to Grantor at June 30, 2012
					Accounts Receivable	Deferred Revenue	Due to Grantor							
U.S. Department of Education														
General Fund														
Medical Assistance Program	93.778	N/A	7/1/10- 6/30/11	\$ 12,161	\$ (567)	\$	\$	\$ 567	\$	\$	\$	\$	\$	\$
Medical Assistance Program	93.778	N/A	7/1/11- 6/30/12	7,979				7,452	(7,979)			(527)		
Education Jobs Fund	84.410A	N/A	7/1/11- 6/30/12	443,855				394,076	(443,855)			(49,779)		
Total U.S. Department of Education					(567)			402,095	(451,834)			(50,306)		
U.S. Department of Agriculture														
Passed-through State Department of Education:														
Enterprise Fund:														
Food Distribution Program	10.550	N/A	7/1/10- 6/30/11	54,212					(6,932)					
Food Distribution Program	10.550	N/A	7/1/11- 6/30/12	47,538				47,538	(44,186)				3,352	
National School Lunch Program	10.555	N/A	7/1/10- 6/30/11	220,020	(39,376)			39,376						
National School Lunch Program	10.555	N/A	7/1/11- 6/30/12	225,336				167,350	(225,336)			(57,986)		
National School Breakfast Program	10.553	N/A	7/1/10- 6/30/11	42,782	(9,080)			9,080						
National School Breakfast Program	10.553	N/A	7/1/11- 6/30/12	41,432				28,917	(41,432)			(12,515)		
Special Milk Program	10.556	N/A	7/1/10- 6/30/11	1,965	(398)			398						
Special Milk Program	10.556	N/A	7/1/11- 6/30/12	1,238				953	(1,238)			(285)		
Total U.S. Department of Agriculture					(48,854)	6,932	-		293,612	(319,124)		(70,786)	3,352	
U.S. Department of Education														
Passed-through State Department of Education:														
Special Revenue Fund:														
Title I	84.010	NCLB415012	9/1/11- 8/31/12	353,997				167,464	(236,067)			(68,603)		
Title I	84.010	NCLB415011	9/1/10- 8/31/11	306,676	(89,771)			166,859	(77,088)					
Title I, SIA, Summer	84.010	NCLB415010	9/1/09- 8/31/10	11,791	(9,549)			11,786	(2,237)					
Title I Summer	84.010	NCLB415011	9/1/09- 8/31/11	52,049				52,049	(52,049)					
ARRA-Title I, Part A	84.389	ARRA415011	9/1/09- 8/31/11	79,651	(15,609)			16,133	(524)					
ARRA-Title I, SIA	84.389	ARRA415011	9/1/09- 8/31/11	6,253	(156)			156						
ARRA-IDEA	84.391	ARRA415011	9/1/09- 8/31/11	382,897	(6,520)			6,520						
I.D.E.A. Part B, Basic	84.027	IDEA415011	9/1/11- 8/31/12	392,507				353,255	(392,507)			(39,252)		
I.D.E.A. Part B, Basic	84.027	IDEA415011	9/1/10- 8/31/11	384,555	(153,100)			153,100						
I.D.E.A. Part B, Preschool, Prior	84.173	IDEA415003	9/1/02- 8/31/03	18,778			1,341				(1,341)			
I.D.E.A. Part B, Preschool	84.173	IDEA415012	9/1/11- 8/31/12	10,144				10,144	(10,144)					
I.D.E.A. Basic ARRA	84.391	IDEA415012	9/1/11- 8/31/12	1,459				1,459	(1,459)					
I.D.E.A. Preschool ARRA	84.392	IDEA415012	9/1/11- 8/31/12	74				74	(74)					
NCLB T-II A	84.367	NCLB415012	9/1/11- 8/31/12	74,394				18,359	(36,693)			(18,334)		
NCLB T-II A	84.367	NCLB415011	9/1/10- 8/31/11	49,569	(5,659)			20,804	(15,019)		294			420
NCLB T-II D, Summer	84.318X	NCLB415011	9/1/10- 8/31/11	3,109	(3,109)			3,109						
NCLB T-IV, Summer	84.186A	NCLB415011	9/1/09- 8/31/10	6,181	(1,408)			2,148	(740)					
Total U.S. Department of Education					(284,881)		1,341		983,419	(824,601)	(1,047)	(126,189)		420
Total Federal Financial Assistance					\$ (334,302)	\$ 6,932	\$ 1,341	\$	\$ 1,679,126	\$ (1,595,559)	\$ (1,047)	\$ (247,281)	\$ 3,352	\$ 420

See accompanying notes to schedules of financial assistance

**PITTSBURGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE - SCHEDULE B
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	June 30, 2011		Cash Received	Budgetary Expenditures	June 30, 2012		MEMO		
				(Accounts Receivable)	Deferred Revenue			(Accounts Receivable)	Deferred Revenue	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education:												
General Fund:												
Equalization Aid	12-495-034-5120-078	\$10,260,115	7/1/11 to 6/30/12	\$	\$	\$ 9,346,605	\$ (10,260,115)	\$ (913,510)	\$	*(913,510)	\$ 10,260,115	
Equalization Aid	11-495-034-5120-078	10,260,115	7/1/10 to 6/30/11	(1,024,958)		1,024,958						
Transportation Aid	12-495-034-5120-014	739,156	7/1/11 to 6/30/12			665,240	(739,156)	(73,916)		*(73,916)	739,156	
Transportation Aid	11-495-034-5120-014	525,794	7/1/10 to 6/30/11	(52,579)		52,579						
Special Education Categorical Aid	12-495-034-5120-089	776,149	7/1/11 to 6/30/12			723,456	(776,149)	(52,693)		*(52,693)	776,149	
Special Education Categorical Aid	11-495-034-5120-089	776,149	7/1/10 to 6/30/11	(32,629)		32,629						
Security Aid	12-495-034-5120-084	229,283	7/1/11 to 6/30/12			206,355	(229,283)	(22,928)		*(22,928)	229,283	
Security Aid	11-495-034-5120-084	229,283	7/1/10 to 6/30/11	(22,928)		22,928						
Adjustment Aid	12-495-034-5120-085	15,649	7/1/09 to 6/30/10			7,824	(15,649)	(7,825)		*(7,825)	15,649	
School Choice Aid	12-495-034-5120-068	249,480	7/1/11 to 6/30/12			235,620	(249,480)	(13,860)		*(13,860)	249,480	
Extraordinary Aid	10-100-034-5120-473	61,331	7/1/11 to 6/30/12			30,300	(61,331)	(31,031)		*	61,331	
Non-Public Transportation Aid	12-495-034-5120-014	12,180	7/1/11 to 6/30/12				(12,180)	(12,180)		*	12,180	
Non-Public Transportation Aid	11-495-034-5120-014	8,700	7/1/10 to 6/30/11	(8,700)		8,700						
Anti-bullying Aid	N/A	811	7/1/11 to 6/30/12			811	(811)			*	811	
On Behalf TPAF Non-Contributory Ins	12-495-034-5095-007	366,581	7/1/11 to 6/30/12			366,581	(366,581)			*	366,581	
On Behalf TPAF Post Retirement Post Med Contr	12-495-034-5095-001	736,923	7/1/11 to 6/30/12			736,923	(736,923)			*	736,923	
Reimbursement TPAF Social Security Contr	12-495-034-5095-002	826,149	7/1/11 to 6/30/12			820,581	(826,149)	(5,568)		*	826,149	
Reimbursement TPAF Social Security Contr	11-495-034-5095-002	814,968	7/1/10 to 6/30/11	(5,171)		5,171						
				(1,146,965)		14,287,261	(14,273,807)	(1,133,511)		(1,084,732)	14,273,807	
Special Revenue Fund:												
Preschool Education Aid	12-495-034-5120-086	69,300	7/1/11 to 6/30/12			62,370	(69,300)	(6,930)		*	69,300	
Preschool Education Aid	11-495-034-5120-086	69,300	7/1/10 to 6/30/11	(6,930)		6,930						
Teacher Quality Mentoring	08-495-034-5120-052	3,033	7/1/07 to 6/30/08						902			
				(6,930)		69,300	(69,300)	(6,930)	902		69,300	
Debt Service Fund:												
Debt Service Aid Type II	12-495-034-5120-016	320,518	7/1/11 to 6/30/12			320,518	(320,518)			*	320,518	
Capital Projects Fund:												
N J EDA Grant - High School	05-592-003-0020-824	2,104,657	7/1/04 to Closing	(181,477)				(181,477)				
N J EDA Grant - Middle School	05-592-003-0020-824	2,104,657	7/1/04 to Closing	(73,069)		58,978		(14,091)				
NJSDA Grant	4150-060-09-1001-GO2 PEC	2,013,670	7/1/09 to Closing	(1,742,160)		1,208,932	(76,747)	(609,975)		*	1,669,876	
NJSDA Grant	4150-060-09-1002-GO2 PEC	125,983	7/1/09 to Closing	(114,887)				(114,887)			222,291	
NJSDA Grant - HS Roof	4150-040-10-1001-Gooq	542,986	7/1/11 to Closing			528,394	(528,394)			*	528,394	
				(2,111,593)		1,796,304	(605,141)	(920,430)			2,420,561	
State Department of Agriculture:												
Enterprise Fund												
National School Lunch Program (State Share)	11-100-010-3350-023	8,228	7/1/10 to 6/30/11	(1,605)		1,605						
National School Lunch Program (State Share)	12-100-010-3350-024	8,186	7/1/11 to 6/30/12			6,115	(8,186)	(2,071)		*	8,186	
				(1,605)		7,720	(8,186)	(2,071)			8,186	
Total State Financial Assistance				\$ (3,267,093)	\$ 902	\$ 16,160,585	\$ (14,956,434)	\$ (2,062,942)	\$ 902	\$ (1,084,732)	\$ 16,771,854	

See accompanying notes to schedules of financial assistance

TOWNSHIP OF PITTSGROVE SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2012

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 of the Township of Pittsgrove 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 federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 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 for 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 June payments in the current budget year, consistent with *N.J.S.A.*, 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$48,362 for the general fund and \$0 for the special revenue fund. See Note A (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

TOWNSHIP OF PITTSGROVE SCHOOL DISTRICT.
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2012

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 451,834	\$ 14,322,169	\$ 14,774,003
Special Revenue Fund	801,559	69,300	870,859
Capital Projects Fund		605,141	605,141
Debt Service		320,518	320,518
Food Service Fund	<u>319,124</u>	<u>8,186</u>	<u>327,310</u>
Total Awards & Financial Assistance	\$ <u>1,572,517</u>	\$ <u>15,325,314</u>	\$ <u>16,897,831</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

Township of Pittsgrove School District had no outstanding loans at June 30, 2012 other than NJEDA debt in the amount of \$134,925.

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 represents the amount paid by the state on behalf of the District for the year ended June 30, 2012. 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, 2012.

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.

NOTE 8: MAJOR PROGRAMS

Major programs are identified in the Summary of Auditor's Results Section of the Schedule of Findings and Questioned Cost.

PITTSBORO SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified Opinion

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

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? _____ yes X none reported

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 section .510(a) of Circular A-133? _____ yes X no

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.173	I.D.E.A. Preschool
84.027	I.D.E.A. Part B, Basic
84.010	Title I
84.389	ARRA- Title I
84.391	ARRA - I.D.E.A.
84.389	ARRA - Title I, SIA
84.410A	Education Jobs Fund
84.392	ARRA - I.D.E.A. Preschool

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

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

PITTSBORO SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(continued)

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

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 448,693

Auditee qualified as low-risk auditee? yes no

Internal control over major programs:

1) Material weakness (es) identified? yes no

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

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

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

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
12-495-034-5120-078	Equalization Aid
12-495-034-5120-014	Transportation Aid
12-495-034-5095-002	Reimbursement TPAF Social Security
12-495-034-5120-089	Special Education Categorical Aid
12-495-034-5120-084	Security Aid
4150-060-09-1001-GO2 PEC	NJSDA Grant
4150-040-10-1001 GOOQ	NJSDA Grant – HS Roof
12-495-034-5120-085	Adjustment Aid
12-495-034-5120-068	School Choice Aid

**PITTSGROVE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(continued)**

Section II - Financial Statement Findings

None

**PITTSGROVE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(continued)**

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

FEDERAL AWARDS

Finding: NONE

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

STATE AWARDS

Finding: NONE

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**PITTSGROVE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

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

STATUS OF PRIOR - YEAR FINDINGS

Financial Statements

Finding: 2011-1

Condition:

There exists \$254,546 in older prior year NJEDA grant accounts receivable, that have not been received as of June 30, 2011 and related unexpended balances in various uncompleted projects totaling \$88,884.

Recommendation:

The board office should continue efforts to collect the old grant revenue receivable, due to the district from the NJEDA in the amount of \$254,546 and also determine a proper disposition of the remaining unexpended balances in uncompleted projects totaling \$88,884.

Current Status:

The board office took steps to collect a portion of the old grant revenue receivable due to the district from the NJEDA in the amount of \$58,978 and is in the process of pursuing the collection or other disposition of the remaining \$195,568. At such time as the final receipt is collected, the remaining unexpended balances in the related projects totaling \$88,884 will be cleared of the records. Therefore the finding is considered resolved regarding consideration as a material finding.