

**UPPER PITTSBORO TOWNSHIP
BOARD OF EDUCATION**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Upper Pittsboro Township Board of Education

Salem, New Jersey

For the Fiscal Year Ended June 30, 2016

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

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

For the Fiscal Year Ended June 30, 2016

Prepared by

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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INTRODUCTORY SECTION

Upper Pittsgrove School District

235 Pine Tavern Road · Monroeville · New Jersey · 08343

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

October 27, 2016

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

Dear Board Members:

The comprehensive annual financial report of the Upper Pittsgrove Township School District (District) for the fiscal year ended June 30, 2016 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 Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), "Audits of States, Local Governments, and Non-Profit Organizations" and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Upper Pittsgrove Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds of the District are included in this report. The Upper Pittsgrove Township Board of Education and its one school constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels Pre-K through Grade 8. These include regular, as well as special education for handicapped students. The District completed the 2015-2016 fiscal year with an enrollment of 494 including 136 high school students, which is twenty-five (25) less students than the previous year's enrollment and includes 358 Pre-K through Grade 8 students. The following charts the enrollment of the district over the last ten years:

Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment *</u>	<u>Percent Change</u>
2015-16	494	(3.33%)
2014-15	511	(4.66%)
2013-14	536	(3.77%)
2012-13	557	(2.45%)
2011-12	571	(5.62%)
2010-11	605	5.22%
2009-10	575	1.05%
2008-09	569	6.16%
2007-08	536	(7.43%)
2006-07	579	.35%

* Includes High School Students

2. ECONOMIC CONDITION AND OUTLOOK:

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

3. MAJOR INITIATIVES:

The Upper Pittsgrove School District continues to build on a environment of achievement and success by maintaining and enriching the programmatic services of a comprehensive middle and elementary school for our students. While celebrating our rich history and farming heritage, we continue to seek new opportunities to reach our 21st century learners through a wide-ranging professional development program and a variety of learning opportunities for students throughout all ability ranges. The following is a sample of current district initiatives;

- Align Science Curriculum to new standards
- Evaluated classroom assessments using Depth of Knowledge to confirm connection with standards
- Continue Language Arts Lab and Math Lab three days per week
- Talented and gifted program revision with students attending this program instead of attending labs
- Purchase of additional Chrome Books (currently using 150 of them)
- Training in and use of Google classroom
- All grade 3 through 8 assessments on computer, if possible
- School Improvement team revising homework policies
- Creating a PARCC result analysis committee (part of the principals objectives)
- Utilization of our professional development website (<https://sites.google.com/site/bazprofdevresources/>)
- Continuing to use DIBELS and RTI processes
- Incorporate new Writing Program
- Implement Study Island
- Increase the amount of Fiction used in LAL

4. INTERNAL ACCOUNTING CONTROLS:

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

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

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

5. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2016.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. CASH MANAGEMENT:

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

8. RISK MANAGEMENT:

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

9. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nightlinger, Colavita and Volpa, Pa. was appointed 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 Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey Treasury Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditor's report on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's report related specifically to the single audit are included in the single audit section of this report.

10. ACKNOWLEDGMENTS:

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

Respectfully submitted,

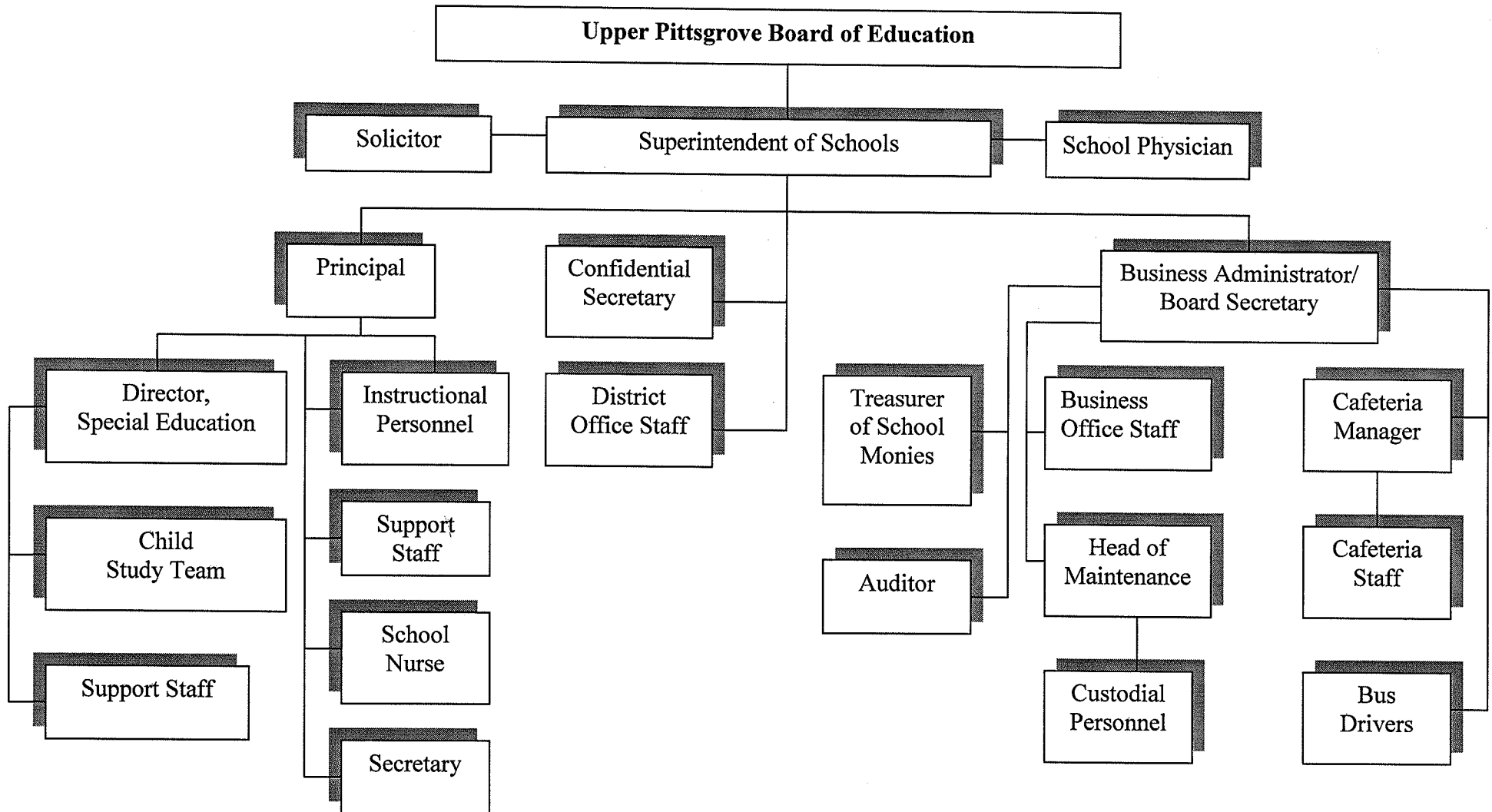


Scott Eckstein
Superintendent



Lisa M. DiNovi
Business Administrator/Board Secretary

UPPER PITTSGROVE SCHOOL DISTRICT ORGANIZATION CHART



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

ROSTER OF OFFICIALS

JUNE 30, 2016

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Veronica Merriel, President	2016
Polly B. Deal, Vice President	2018
Valerie Hill	2017
Dan Bellisario	2017
William Schermerhorn	2016
Dan McArdle	2018
Michael Kinney	2017
Michael Reed	2016
Brian Wirth	2018
<u>OTHER OFFICIALS</u>	
Scott Eckstein, Superintendent	
Lisa M. DiNovi, Business Administrator / Board Secretary	\$35,000
Donna Jones, Treasurer of School Monies	\$185,000

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
COUNTY OF SALEM
MONROEVILLE, NJ

CONSULTANTS AND ADVISORS

ATTORNEY

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

AUDIT FIRM

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

OFFICIAL DEPOSITORY

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

INSURANCE AGENCY

Conner Strong & Buckelew
PO Box 989
Marlton, New Jersey 08053

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

October 27, 2016

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Upper Pittsgrove Township School District in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Upper Pittsgrove Township School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Upper Pittsgrove Township Board of Education in the County of Salem, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, schedule of the School District's proportionate share of the net pension liability and schedule of the School District's contributions, identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Upper Pittsgrove Township Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the by the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance 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 subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 16, 2016 on our consideration of the Upper Pittsgrove Township 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 Standards* in considering Upper Pittsgrove Township Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



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

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**Upper Pittsgrove Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(UNAUDITED)**

This section of the Upper Pittsgrove Township School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2016. Comparative information between the current year (2015-16) and the prior year (2014-15) is required to be presented in the MD&A. The intent of the discussion and analysis is to look at the District's financial performance as a whole. Interested parties should review the basic financial statements and notes in concert with this document in order to enhance and clarify their understanding of the finances of the District.

Using the Comprehensive Annual Financial Report (CAFR)

The Comprehensive Annual Financial Report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information.

The basic financial statements include two kinds of statements that present different views of the District:

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

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

Key financial highlights for 2016 are as follows:

- Total Net Position decreased by \$14,428 attributable to various operating results and adjustments.

- General revenues accounted for \$8,437,770 in revenue or 89.3% 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 \$1,008,043 or 10.7% percent of the total revenues of \$9,445,813.
- Net Position of governmental activities decreased by \$27,061, comprised of changes in various assets and liabilities. The net position of the Business-type Activities increased by \$12,633.
- The School District had \$9,460,241 in total expenses, of which \$1,008,043 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$8,437,770 were adequate to provide for these programs.
- The General Fund had \$8,287,605 in revenues, \$8,172,178 in expenditures. The General Fund's balance increased by \$130,881 over 2015. This increase was anticipated by the Board of Education, as it constituted the use of \$237,716 in surplus to offset expenses

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

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

The two district-wide statements report the District's net position and changes in that position. Net Position – the difference between the District's assets and liabilities – are one way to measure the District's overall financial position.

This change in net position 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 Position and the Statement of Activities, which represent the district-wide financial statements, the School District is divided into two distinct kinds of activities:

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

The District may implement four types of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental fund statements explains the relationship (or differences) between them.
- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- *Internal service funds:* (Also considered proprietary funds) are optional and utilized to report activities that provide supplies and services for other District programs and activities. The District currently does not have any internal service funds.
- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as the student activity fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements, as these assets may not be used to finance the District's operations.

The School District as a Whole

Table 1 provides a comparative summary of the School District's Net Position for the years ended in 2016 and 2015.

Table 1
Net Position

	2016	2015
Assets		
Current and Other Assets	\$ 841,013	\$ 733,561
Capital Assets, Net	3,399,169	3,605,789
Total Assets	4,240,182	4,339,350
Deferred Outflows of Resources		
	493,615	215,104
Liabilities		
Long-term Liabilities	296,901	435,510
Net Pension Liability	1,918,440	1,499,685
Other Liabilities	57,566	85,413
Total Liabilities	2,272,907	2,020,608
Deferred Inflow of Resources		
	30,845	89,373
Net Position		
Invested in Capital Assets, Net of Debt Restricted	3,102,269	3,324,060
Unrestricted (Deficit)	(1,467,574)	(1,538,533)
Total Net Position	\$ 2,430,045	\$ 2,444,473

Table 2 shows the changes in net position from fiscal years 2016 and 2015.

Table 2
Changes in Net Position

	2016	2015
Revenues		
Programs Revenues		
Charges for Services	\$ 109,911	\$ 115,339
Operating Grants and Contributions	898,132	759,889
General Revenues		
Property Taxes	4,114,702	4,035,944
Federal and State Aid-Not Restricted	4,143,422	4,045,238
Other	180,046	162,435
Total Revenues	9,446,213	9,118,845
Program Expenses		
Instruction	2,462,948	2,332,637
Tuition	2,311,740	2,488,476
Administrative Services	988,049	509,850
Other Support Services	988,118	1,385,726
Health Benefits	2,303,563	2,014,832
Interest on Long-Term Debt	11,756	14,341
Other	234,178	245,703
Enterprise	159,889	177,141
Total Expenses	9,460,241	9,168,706
Increase in Net Position	\$ (14,028)	\$ (49,861)

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. The District's Property taxes made up 48.8% percent of these revenues for governmental activities. Unrestricted federal, state and local grants accounted for another 49.1% and miscellaneous revenues accounted for the remaining 2.1%. The total cost of services, as shown below, was \$8,464,756. The net cost of all governmental programs and services, which excludes charges for services, operating grants and the enterprise fund was \$9,460,241. Instruction comprises 26% of these District expenses.

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

Table 3

	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2016</u>	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>
Instruction	\$ 2,462,948	\$ 2,333,918	\$ 2,332,637	\$ 2,236,272
Tuition	2,311,740	2,311,740	2,488,476	2,488,476
Pupil and Instructional Staff	672,099	563,088	532,332	422,843
General Administration, School Administration, Business	442,087	442,087	509,850	509,850
Operation and Maintenance of Facilities	446,653	446,653	434,024	434,024
Pupil Transportation	415,328	415,328	419,370	419,370
Employee Benefits	2,303,563	1,706,008	2,014,832	1,527,754
Enterprise Fund	159,889		177,141	
Interest	11,756	11,756	14,341	14,341
Other	234,178	234,178	245,703	245,703
Total Expenses	\$ 9,460,241	\$ 8,464,756	\$ 9,168,706	\$ 8,298,633

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

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

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

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

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

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

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

Business-Type Activities

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

- Food Service revenues exceeded expenses by \$20,755, offset by \$8,197 in the School Care Program.
- Charges for services represent \$109,911 of revenue as compared to \$115,339 in 2015. This represents amount paid by patrons for daily food services activities. There was also \$75 in other non-operating revenue from interest income.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were \$62,536 as compared to \$66,957 in 2015.

The School District’s Funds

Information about the School District’s major funds starts on page 21. These funds are accounted for using the modified accrual basis of accounting. The governmental funds used (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$8,615,810, expenditures of \$8,501,583. The net change in fund balance for the year was \$114,227. The District was able to meet current operating costs, through the use of surplus and with adjustments in capital projects of \$15,454 and to state aid of \$6,226.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (including the capital projects fund) for the fiscal year ended June 30, 2016, 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 2015</u>	<u>Percent Increase/ (Decrease)</u>
Local Sources	\$ 4,288,047	49.77%	\$ 89,723	2.25%
State Sources	4,087,658	47.44%	51,650	1.31%
Federal Sources	240,105	2.79%	38,403	19.48%
Total	\$ 8,615,810	100.00%	\$ 179,776	2.23%

The increase in Local sources is attributed to an increase in the governmental fund local tax levy of \$78,758, \$2,377 in tuition, transportation of \$8,568, and other revenue of \$20.

The increase in State sources is attributed to additional general state aid and debt service aid of \$51,650.

The decrease in Federal sources is due to decreases in various grants. In addition, the 2016 figures do not include deferred revenue in accordance with GAAP accounting.

The following schedule presents a summary of general fund, special revenue fund, Capital Project fund and debt service fund expenditures for the fiscal year ended June 30, 2016 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 2015</u>	<u>Percent Increase/ (Decrease)</u>
Current:				
Instruction	\$ 2,333,918	27.45%	\$ 97,646	4.41%
Support Services	5,715,811	67.23%	(30,719)	-0.62%
Capital Outlay	122,449	1.44%	(148,074)	-90.27%
Special Revenues	256,605	3.02%	38,403	15.18%
Debt Service	72,800	0.86%	2,400	0.48%
Total	<u>\$ 8,501,583</u>	<u>100.00%</u>	<u>\$ (40,344)</u>	<u>-0.50%</u>

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

The decrease in undistributed expenditures was due to decreases in tuition of \$176,736, administrative services of \$67,763 and transportation costs of \$4,042, offset by increases in student related costs of \$140,245, plant operation and maintenance of \$12,629, and employee benefits of \$64,948.

The decrease in capital outlay is attributed to the reduction in construction costs, along with other equipment expenditures, as compared to last year.

The decrease in special revenues is due to net decreases in awards from the federal government.

The increase in debt service of \$2,400 represents principal redeemed and lower interest expense.

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 2016, the School District amended its General Fund budget as needed. The School District uses program based budgeting. These budgeting systems are designed to tightly control total program budgets while providing flexibility for program management to address the following:

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

While the District's final general fund budget anticipated that revenues, including \$237,716 in surplus appropriated, would roughly equal expenditures, the actual results for the year show an increase of \$146,226 as shown on Exhibit C-1.

- Actual revenues were \$66,589 more than expected due to the increased miscellaneous income, excluding on-behalf pension and social security reimbursements of \$578,991.
- Actual expenditures were \$311,585 less than expected. This also excludes state on-behalf pension and social security reimbursements of \$578,991.

Capital Assets

At the end of the fiscal year 2016, the Governmental Funds of the School District had \$3,605,789 (net of accumulated depreciation) invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal year 2016.

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

	<u>2016</u>
Land	\$ 796,329
Site Improvements	
Building and Improvements	2,166,175
Transportation Vehicles	306,051
Machinery and Equipment	130,614
	<hr/>
Totals	\$ 3,399,169
	<hr/> <hr/>

Overall capital assets decreased by \$206,620 from fiscal year 2015 to fiscal year 2016. There were increases of \$14,900 for land, and \$14,352 in purchases of equipment during the year under audit. This was offset by depreciation expense of \$235,872 for the year.

Long-Term Debt

At June 30, 2016, the School District had \$296,900 of outstanding debt. Of this amount, \$169,711 is for compensated absences; \$127,189 for capital leases.

At June 30, 2016, the School District's overall legal debt margin was \$9,142,147, which was unvoted debt margin or 100% of the total amount permitted by statute. The detail of the open debt issues is shown in Note 6 to the financial statements.

For the Future

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

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

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

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

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 577,081	\$ 86,896	\$ 663,977
Accounts Receivable			
State and Federal	72,373	2,723	75,096
Other	64,697	1,125	65,822
Interfund	3,331		3,331
Inventory		3,509	3,509
Restricted Assets			
Capital Reserve Cash	29,278		29,278
Capital Assets, Net (Note 5):	3,389,669	9,500	3,399,169
Total Assets	4,136,429	103,753	4,240,182
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Pension Outflows	493,615		493,615
LIABILITIES			
Current Liabilities:			
Accounts Payable	42,151	6,926	49,077
Accrued Interest Payable	299		299
Unearned Revenue		8,191	8,191
Net Pension Liability	1,918,440		1,918,440
Non-current Liabilities:			
Due within One Year	93,803		93,803
Due beyond One Year	203,097		203,097
Total Liabilities	2,257,790	15,117	2,272,907
DEFERRED INFLOW OF RESOURCES:			
Deferred Pension Inflows	30,845		30,845
NET POSITION			
Invested in Capital Assets, Net of Related Debt	3,092,769	9,500	3,102,269
Restricted for:			
Capital Reserve	139,278		139,278
Maintenance Reserve	300,000		300,000
Excess Surplus	348,661		348,661
Special Revenue	(1,650)		(1,650)
Other Purposes	9,061		9,061
Unrestricted (Deficit)	(1,546,710)	79,136	(1,467,574)
Total Net Position	\$ 2,341,409	\$ 88,636	\$ 2,430,045

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 1,854,515	\$	\$ 129,030	\$ (1,725,485)	\$	\$ (1,725,485)
Special Education	433,709			(433,709)		(433,709)
Other Instruction	174,724			(174,724)		(174,724)
Support Services:						
Tuition	2,311,740			(2,311,740)		(2,311,740)
Student & Instruction Related Services	672,099		109,011	(563,088)		(563,088)
General Administrative Services	197,640			(197,640)		(197,640)
School Administrative Services	118,310			(118,310)		(118,310)
Central Services	120,401			(120,401)		(120,401)
Admin. Info. Technology	5,736			(5,736)		(5,736)
Plant Operations & Maintenance	446,653			(446,653)		(446,653)
Student Transportation	415,328			(415,328)		(415,328)
Unallocated Employee Benefits	2,303,563		597,555	(1,706,008)		(1,706,008)
Unallocated Depreciation Expense	234,178			(234,178)		(234,178)
Interest on Long Term Debt	11,756			(11,756)		(11,756)
Total Governmental Activities	9,300,352		835,596	(8,464,756)		(8,464,756)
Business-type Activities:						
Food Service	119,239	77,458	62,536		20,755	20,755
School Care	40,650	32,453			(8,197)	(8,197)
Total Business-type Activities	159,889	109,911	62,536		12,558	12,558
Total Primary Government	\$ 9,460,241	\$ 109,911	\$ 898,132	(8,464,756)	12,558	(8,452,198)
General Revenues:						
Local Tax Levy						
General Purpose				4,043,102		4,043,102
Debt Service				71,600		71,600
Unrestricted Aid Federal and State				4,143,422		4,143,422
Interest				4,704		4,704
Tuition Revenue				36,696		36,696
Transportation Revenue				72,348		72,348
Rental				57,446		57,446
Adjustment to Accounts Receivable				6,226		6,226
Miscellaneous				2,151	75	2,226
Total General Revenues and Transfers				8,437,695	75	8,437,770
Change in Net Position				(27,061)	12,633	(14,428)
Net Position—Beginning				2,368,470	76,003	2,444,473
Net Position—Ending				\$ 2,341,409	\$ 88,636	\$ 2,430,045

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

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
ASSETS					
Cash and Cash Equivalents	\$ 577,081				\$ 577,081
Cash Capital Reserve	29,278				29,278
Accounts Receivable					
State	6,286				6,286
Federal		66,087			66,087
Interfund	53,858				53,858
Other	64,697				64,697
Total Assets	\$ 731,200	\$ 66,087			\$ 797,287
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable	\$ 24,941	\$ 17,210			\$ 42,151
Interfund Payable		50,527			50,527
Total Liabilities	24,941	67,737			92,678
Fund Balance:					
Restricted for:					
Capital Reserve	79,278				79,278
Maintenance Reserve	300,000				300,000
Excess Surplus	174,948				174,948
Tuition Reserve - Designated for Subsequent Years Expenditures	60,000				60,000
Committed to:					
Year-End Encumbrances	2,986				2,986
Assigned:					
Excess Surplus - Designated for Subsequent Year's Expenditures	173,713				173,713
Designated for Subsequent Year's Expenditures	6,075				6,075
Unassigned, Reported In:					
General Fund - (Deficit)	(90,741)				(90,741)
Special Revenue Fund - (Deficit)		(1,650)			(1,650)
Total Fund Balance	706,259	(1,650)			704,609
Total Liabilities and Fund Balance	\$ 731,200	\$ 66,087			\$

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$9,018,284 and the accumulated depreciation of \$5,628,615 (Note 5).

3,389,669

Deferred Outflow of Resources - Deferred Pension Contribution.

493,615

Deferred Inflows of Resources - Pension Actuarial Gains.

(30,845)

Deferred Inflows of Resources - Employer Pension period and therefore are not reported as liabilities in the funds.

(299)

Long-term liabilities and accrued interest payable, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6).

(296,900)

Pension Expense recognized for GAAP but not for budgetary purposes.

(1,918,440)

Net Position of Governmental Activities

\$ 2,341,409

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

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES					
Local sources:					
Local Tax Levy	\$ 4,043,102	\$	\$	\$ 71,600	\$ 4,114,702
Tuition - Preschool	36,696				36,696
Transportation	72,348				72,348
Interest on Investments	4,479				4,479
Interest on Investments - Capital Reserve	225				225
Rental	57,446				57,446
Miscellaneous	2,151				2,151
Total Local Sources	4,216,447			71,600	4,288,047
State Sources	4,071,158	16,500			4,087,658
Federal Sources		240,105			240,105
Total Revenues	8,287,605	256,605		71,600	8,615,810
EXPENDITURES					
Regular Instruction	1,725,485	129,030			1,854,515
Special Education	433,709				433,709
Other Instruction	174,724				174,724
Support Services and Undistributed Costs:					
Tuition	2,311,740				2,311,740
Student & Instruction Related Services	563,088	109,011			672,099
General Administrative Services	197,640				197,640
School Administrative Services	118,310				118,310
Central Services	120,401				120,401
Admin. Info. Technology	5,736				5,736
Plant Operations & Maintenance	446,653				446,653
Student Transportation	415,328				415,328
Unallocated Employee Benefits	1,536,915	18,564			1,555,479
Capital Outlay	122,449				122,449
Debt Service					
Principal				70,000	70,000
Interest				2,800	2,800
Total Expenditures	8,172,178	256,605		72,800	8,501,583
Excess (Deficiency) of Revenues Over (Under) Expenditures	115,427			(1,200)	114,227
OTHER FINANCING SOURCES (USES)					
Adjustment to State Aid			6,226		6,226
Transfer from Capital Projects Fund	15,454		(15,454)		
Total Other Financing Sources and Uses	15,454		(9,228)		6,226
Net Change in Fund Balances	130,881		(9,228)	(1,200)	120,453
Fund Balance—July 1	575,378	(1,650)	9,228	1,200	584,156
Fund Balance—June 30	\$ 706,259	\$ (1,650)	\$ -	\$ -	\$ 704,609

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

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds (from B-2) **\$ 120,453**

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

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

Depreciation expense	\$ (234,178)	
Capital Outlay	<u>29,252</u>	
		(204,926)

Pension contributions are reported in governmental funds as expenditures. However, in the statement of Activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period. (81,716)

Repayment of bond principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of net assets. This is the amount of repayments reported as expenditures in government funds 70,000

Issuance of New Capital Leases is a Non-operating increase to Fund Balance in the Governmental Statement of Revenues, Expenditures and Changes in Fund Balance but is not reported as an increase in the Statement of Net Position. 83,723

In the Statement of Activities, interest on long-term debt is accrued regardless of when it is due. In the governmental funds, interest is reported when due. 518

In the Statement of Activities, certain operating expenses, e.g. compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). (15,113)

Change in Net Position of Governmental Activities (A-2) **\$ (27,061)**

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

PROPRIETARY FUNDS

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	<u>FOOD SERVICE FUND</u>	<u>SCHOOL CARE</u>	<u>TOTAL</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 72,218	\$ 16,292	\$ 88,510
Accounts Receivable			
State	52		52
Federal	2,671		2,671
Other	990	135	1,125
Interfund			-
Inventories	3,509		3,509
Total Current Assets	79,440	16,427	95,867
Noncurrent Assets:			
Equipment	137,974		137,974
Less: Accumulated Depreciation	(128,474)		(128,474)
Total Noncurrent Assets	9,500		9,500
Total Assets	88,940	16,427	105,367
LIABILITIES:			
Current Liabilities:			
Accounts Payable	6,926		6,926
Interfund Payable	1,614		1,614
Unearned Revenue	4,091	4,100	8,191
Total Current Liabilities	12,631	4,100	16,731
NET POSITION:			
Unrestricted	76,309	12,327	88,636
Total Net Position	76,309	12,327	88,636
Total Liabilities and Net Position	\$ 88,940	\$ 16,427	\$ 105,367

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

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	FOOD SERVICE FUND	SCHOOL CARE	TOTAL
OPERATING REVENUES			
Local Sources			
Daily Sales			
Reimbursable Programs	\$ 36,506	\$	36,506
Non-Reimbursable Programs	23,133		23,133
Special Functions	17,819		17,819
Program Fees	-	32,453	32,453
Total Operating Revenue:	<u>77,458</u>	<u>32,453</u>	<u>109,911</u>
OPERATING EXPENSES			
Labor	42,507	36,469	78,976
Depreciation	1,694		1,694
Cost of Sales	53,438		53,438
Supplies and Materials	5,851	4,181	10,032
Management Fee	11,524		11,524
Other	4,225		4,225
Total Operating Expenses	<u>119,239</u>	<u>40,650</u>	<u>159,889</u>
Operating Income (Loss)	<u>(41,781)</u>	<u>(8,197)</u>	<u>(49,978)</u>
NONOPERATING REVENUES			
State Sources			
State School Lunch Program	1,104		1,104
Federal Sources			
National School Lunch Program	36,984		36,984
School Breakfast Program	12,802		12,802
Food Distribution Program	11,646		11,646
Interest	53	22	75
Total Non-operating Revenues	<u>62,589</u>	<u>22</u>	<u>62,611</u>
Net Income (Loss) Before Operating Transfers	<u>20,808</u>	<u>(8,175)</u>	<u>12,633</u>
Change in Net Position	20,808	(8,175)	12,633
Total Net Position—Beginning	55,501	20,502	76,003
Total Net Position—Ending	<u>\$ 76,309</u>	<u>\$ 12,327</u>	<u>\$ 88,636</u>

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

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>FOOD SERVICE FUND</u>	<u>SCHOOL CARE</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (41,781)	\$ (8,197)	\$ (49,978)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities			
Food Distribution Program	11,646		11,646
Depreciation	1,694		1,694
Change in Assets and Liabilities			
(Increase) Decrease in Inventory	(1,263)		(1,263)
Increase (Decrease) in Receivables	3,867	(90)	3,777
Increase (Decrease) in Unearned Revenue	2,773	4,100	6,873
Increase (Decrease) in Payables	5,523		5,523
Net Cash Provided (Used) by Operating Activities	<u>(17,541)</u>	<u>(4,187)</u>	<u>(21,728)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from State and Federal Reimbursements	50,890		50,890
Net Cash Provided (Used) by Noncapital Financing Activities	<u>50,890</u>		<u>50,890</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets			
Net Cash Provided (Used) by Capital and Related Financing Activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	53	22	75
Net Cash Provided (Used) by Investing Activities	<u>53</u>	<u>22</u>	<u>75</u>
Net Increase (Decrease) in Cash and Cash Equivalents	33,402	(4,165)	29,237
Cash and Cash Equivalents - Beginning of Year	38,816	20,457	59,273
Cash and Cash Equivalents - End of Year	<u>\$ 72,218</u>	<u>\$ 16,292</u>	<u>\$ 88,510</u>

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

FIDUCIARY FUNDS

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	<u>EXPENDABLE</u> <u>TRUST</u> <u>SCHOLARSHIP</u> <u>TRUST</u>	<u>AGENCY</u> <u>STUDENT</u> <u>ACTIVITY</u>	<u>PAYROLL</u>	<u>TOTAL</u>
ASSETS				
Cash and Cash Equivalents	\$ 14,329	\$ 14,916	\$ 43,034	\$ 72,279
Investments		1,828		1,828
Total Assets	<u>14,329</u>	<u>16,744</u>	<u>43,034</u>	<u>74,107</u>
LIABILITIES				
Interfunds Payable			1,717	1,717
Deductions Payable			26,857	26,857
Due to Student Groups		16,744		16,744
Flexible Spending Reserve			14,460	14,460
Total Liabilities		<u>16,744</u>	<u>43,034</u>	<u>45,318</u>
NET POSITION				
Reserved for Scholarships	<u>14,329</u>			<u>14,329</u>
Total Net Position	<u>\$ 14,329</u>	<u>\$</u>	<u>\$</u>	<u>\$ 14,329</u>

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

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>SCHOLARSHIP TRUST</u>
OPERATING REVENUES	
Local Sources	
Interest on Investments	\$ 31
Total Operating Revenues	<u>31</u>
OPERATING EXPENDITURES	
Awards	<u>500</u>
Total Operating Expenditures	<u>500</u>
Change in Net Position	(469)
Net Position—Beginning of the Year	<u>14,798</u>
Net Position—End of the Year	<u>\$ 14,329</u>

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The District serves an area of forty square miles. It is located in Salem County and provided education for all of Upper Pittsgrove Township's grades Pre-Kindergarten through Grade 8. The year ended with an enrollment of 338 students.

Reporting Entity:

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

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

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

New Accounting Standards:

The School District has adopted the following GASB statements:

- GASB No. 80 - Blending Requirements for Certain Component Units - an Amendment of GASB No. 14: The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 80, did not impact the financial statements of the School District.
- GASB No. 79 - Certain External Investment Pools and Pool Participants: This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 79, did not impact the financial statements of the School District.
- GASB Statement No. 78 - Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans: The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for fiscal years beginning after December 15, 2015. The adoption of GASB 78, did not impact the financial statements of the School District.
- GASB No. 77, Tax Abatement Disclosures: This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. This Statement is effective for fiscal years beginning after December 15, 2015. The adoption of GASB 77, did not impact the financial statements of the School District.
- GASB No. 76 - The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments: The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 76, did not impact the financial statements of the School District.

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

New Accounting Standards (Continued):

The School District has adopted the following GASB statements:

- *GASB No. 73 - Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68:* The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 73, did not impact the financial statements of the School District.
- *GASB No. 72 - Fair Value Measurement and Application:* This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 72, did not impact the financial statements of the School District.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- *GASB No. 82 - Pensions - an Amendment of GASB No. 67, No. 68 and No. 73:* The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Management is evaluating the potential impact of the adoption of GASB 82 on the School District's financial statements.
- *GASB No. 81 - Irrevocable Split-Interest Agreements:* The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Management does not expect the adoption of GASB 81 to impact the financial statements of the School District.

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

New Accounting Standards (Continued):

- *GASB No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions:* The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2017. Management is evaluating the potential impact of the adoption of GASB 75 on the School District's financial statements.
- *GASB No. 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans:* The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2016. Management is evaluating the potential impact of the adoption of GASB 74 on the School District's financial statements.

A. Basis of Presentation:

The District's basic financial statements consist of District-wide statements, including a statement of net position 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 position 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 position 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.

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

A. Basis of Presentation (Continued):

- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

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

B. Fund Accounting:

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

GOVERNMENTAL FUND TYPE

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

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

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

B. Fund Accounting (Continued):

GOVERNMENTAL FUND TYPE (CONTINUED)

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

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

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

PROPRIETARY FUNDS

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

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

The District's Enterprise Fund is comprised of the Food Service Fund and After School Care program.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net position) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position. 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 12 Years for Equipment.

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

B. Fund Accounting (Continued):

FIDUCIARY FUNDS

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

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

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The Board approved \$500 in scholarship awards in 2015-2016.

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.

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

C. Basis of Accounting and Measurement Focus:

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

District-wide, Proprietary and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Ad Valorem (Property) Taxes are susceptible to accrual as under the New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

Basis of Accounting and Measurement Focus (Continued):

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds, which are submitted to the county office. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012 and to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting, 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. 6A:23A-16.2 (f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year.

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

D. Budgets/Budgetary Control (Continued):

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

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

E. Encumbrances Accounting:

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

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

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

F. Assets, Liabilities and Equity:

Transactions

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

Inventories

On District-wide Financial Statements and in the Enterprise Fund, inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expended when used. This includes Federal Commodity Food in the amount of \$2,250. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

Inventory in the Food Service Fund at June 30, 2016 consisted of the following:

Food	\$	3,001
Supplies		<u>508</u>
	\$	<u>3,509</u>

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

F. Assets, Liabilities and Equity (Continued):

Inventories (Continued):

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

Capital Assets

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

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

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

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

G. Compensated Absences:

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

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

G. Compensated Absences (Continued):

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

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

H. Accrued Liabilities and Long-term Obligations:

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

I. Net Position:

Net position represents the difference between assets and liabilities. Net investment 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 position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. 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 position is available.

J. Fund Balance Reserves:

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

K. Operating Revenues and Expenses:

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

L. Allocation of Indirect Expenses:

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

M. Extraordinary and Special Items:

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

N. Management Estimates:

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

O. Unearned Revenue:

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

P. Fund Equity:

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

Q. Comparative Data/Reclassifications:

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

R. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end. Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

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

S. Bond and Lease Acquisition Costs:

As part of any bond or long-term lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will be expensed when incurred in accordance with GASB Statement No. 65. There were no such leases for the year ended June 30, 2016.

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. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

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

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

Deposits

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

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

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

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

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

Investments

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

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

As of June 30, 2016, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	Cash and Cash Equivalents
Checking accounts	\$ 767,148
Certificates of Deposit	1,828
Total	\$ <u>768,976</u>

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, NJSA17:9-41tseq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2016 the School District's bank balance of \$871,759 was exposed to custodial credit risk as follows:

	<u>Cash and Cash Equivalents</u>
Insured	\$ 250,000
Uninsured and collateralized with securities held by pledging financial institutions	621,759
Total	<u>\$ 871,759</u>

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account may be established by the District for the accumulation of funds for capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facility Plan (LRFP). Upon submission of the LRFP to the department, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the support costs of uncompleted projects in its approved LRFP. During the 2005-06 school year, \$24,749 was appropriated as an addition to the capital reserve account. In addition, there was interest earnings through the 2015-16 school year of \$4,529 and an addition in the 2015-16 school year of \$50,000, resulting in a balance at June 30, 2016 of \$79,278.

The June 30, 2016 LRFP balance of local support costs of uncompleted capital projects at June 30, 2016 is \$445,416. There were no withdrawals from the capital reserve for use in a DOE approved facilities project during the 2015-16 School Year.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account may be established by the District for the accumulation of funds for maintenance expenditures in subsequent fiscal years. This reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the maintenance reserve account are restricted to maintenance expenditures in the District's annual general fund budget certified for taxes. During the 2015-16 school year, \$100,000 was added to the maintenance reserve account, resulting in a balance at June 30, 2016 of \$300,000, which is within the maximum allowed for the district of \$445,416.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities				
Land - Capital Assets not Depreciated	\$ 781,429	\$ 14,900	\$ -	\$ 796,329
Facility and Improvements	7,050,288			7,050,288
Transportation	617,198			617,198
Machinery and Equipment	540,117	14,352		554,469
Totals at Historical Cost	8,207,603	14,352		8,221,955
Less Accumulated Depreciation	(5,394,437)	(234,178)		(5,628,615)
	2,813,166	(219,826)		2,593,340
Government Activities - Capital Assets, Net	<u>\$ 3,594,595</u>	<u>\$ (204,926)</u>	<u>\$ -</u>	<u>\$ 3,389,669</u>
Business-type Activities				
Equipment	\$ 137,974		\$	\$ 137,974
Accumulated Depreciation	(126,780)	\$ (1,694)		(128,474)
Business-type Activities Capital Assets, Net	<u>\$ 11,194</u>	<u>\$ (1,694)</u>	<u>\$</u>	<u>\$ 9,500</u>
Depreciation was Charged to Governmental Functions as Follows:				
Unallocated		<u>\$ 234,178</u>		

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2016, the following changes occurred in long-term obligations:

	<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:						
General obligation debt	\$ 70,000	\$ -	\$ (70,000)	\$ -	\$ -	\$ -
Total bonds payable	70,000		(70,000)			
Other Liabilities:						
Obligations under Capital Leases	210,911		(83,722)	127,189	66,799	60,390
Compensated absences Payable	154,598	15,113		169,711	27,004	142,707
Total other liabilities	<u>\$ 435,509</u>	<u>\$ 15,113</u>	<u>\$ (153,722)</u>	<u>\$ 296,900</u>	<u>\$ 93,803</u>	<u>\$ 203,097</u>

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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.

The final payment of Principal and interest due on bonds was made during the 2015-16 school year and, therefore, future payments are required.

B. Bonds Authorized But Not Issued – As of June 30, 2016, the District had no authorized but not issued bonds.

C. Capital Leases – The District is leasing transportation equipment under capital leases. The leases are for terms of two to five years with interest rates ranging from 4.28% to 5.50%. The following schedule details the future minimum and the net minimum lease payments at June 30, 2016.

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 66,799	\$ 3,590	\$ 70,389
2018	60,390	1,786	62,176
	<u>\$ 127,189</u>	<u>\$ 5,376</u>	<u>\$ 132,565</u>

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8. PENSION PLANS

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

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the School 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.

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

For the year ended June 30, 2016, the District recognized pension expense of \$835,145 and revenue of \$835,145 for support provided by the State.

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 5.5% 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.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Continued) - The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, which equal the required contribution for each fiscal year, were as follows:

Public Employees Retirement System					
Fiscal Year	Normal Contribution	Accrued Liability	Total Liability	Funded by State	Paid by District
2016	\$ 12,439	\$ 57,301	\$ 69,740	\$ N/A	\$ 69,740

Vesting and Benefit Provisions

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

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A.43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 8 to 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for TPAF and PERS:

Tier Definition

- 1 Members enrolled before July 1, 2007
- 2 Members eligible for enrollment on or after July 1, 2007 and before November 2, 2008
- 3 Members eligible for enrollment on or after November 2, 2008 and on or before May 21, 2010
- 4 Members eligible for enrollment after May 21, 2010 and before June 28, 2011
- 5 Members eligible for enrollment on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8. PENSION PLANS (CONT'D)

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount. Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, Accounting and Financial Reporting for Pensions. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2016 because of the 100.00% special funding situation with the State of New Jersey.

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

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/16	\$ 402,853	100 %	\$ N/A
6/30/15	302,728	100	N/A
6/30/14	239,747	100	N/A

During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$183,890 to the TPAF for pension contributions and \$218,963 for normal and post-retirement benefits on behalf of the School. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the School District \$176,138 during the year ended June 30, 2016 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State Treasurer has the right under the current law to make temporary reductions in 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's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

Contributions to the pension plan from the School District were \$73,474 for the fiscal year ended June 30, 2016. Employee contributions were \$34,227 for the fiscal year ended June 30, 2016.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8. PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Teachers' Pension and Annuity Fund - At June 30, 2016, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the School District.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined.

Public Employees' Retirement System - At June 30, 2016, the School District reported a liability of \$1,918,440 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the School District's proportion was .008546%, which represents a .0005% increase from the prior year.

For the fiscal year ended June 30, 2016, the School District recognized \$162,629 in the government-wide financial statements, for pension expense for PERS.

At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 45,767	\$
Changes of assumptions	206,025	
Net difference between projected and actual earnings on pension plan investments		30,845
Changes in proportion and differences between District contributions and proportionate share of contributions	168,349	
District contributions subsequent to the measurement date	73,474	
Total	\$ 493,615	\$ 30,845

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8. PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees' Retirement System (Continued) - \$73,474 reported as deferred outflows of resources related to pensions will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	PERS
2017	\$ 67,073
2018	67,073
2019	67,073
2020	67,073
2021	67,073
Thereafter	53,931
Total	<u>\$ 389,296</u>

Collective Balances at June 30, 2015 and 2016 are as follows:

	<u>Actuarial Valuation Date</u>	
	<u>6/30/2015</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	\$ 5,086,138,484	\$ 1,032,618,058
Collective deferred inflows of resources	\$ 478,031,236	\$ 1,726,631,532
Collective net pension liability	\$ 46,170,131,656	\$ 38,849,838,953
District's Proportion	0.0085461535%	0.0080099655%

Actuarial Assumptions

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>TPAF</u>
Measurement Date	June 30, 2015	June 30, 2015
Actuarial Valuation Date	July 1, 2014	July 1, 2014
Interest Rate	7.90%	7.90%
Salary Scale (Based on Age):		
2012-2021	2.15% - 4.40%	Varies based
Thereafter	3.15% - 5.40%	on Experience
Inflation	3.04%	2.50%

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8. PENSION PLANS (CONT'D)

Actuarial Assumptions (Continued)

For TPAF, mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements were based on Scale AA. Preretirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Postretirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

For PERS, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of returns for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	PERS		TPAF	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%	5.00%	0.53%
U.S. Treasuries	1.75%	1.64%	1.75%	1.39%
Investment Grade Credit	10.00%	1.79%	13.50%	2.72%
Mortgages	2.10%	1.62%	2.10%	2.54%
High Yield Bonds	2.00%	4.03%	2.00%	4.57%
Inflation-Indexed Bonds	1.50%	3.25%	1.50%	1.47%
Broad US Equities	27.25%	8.52%	27.25%	5.63%
Developed Foreign Equities	12.00%	6.88%	12.00%	6.22%
Emerging Market Equities	6.40%	10.00%	6.40%	8.46%
Private Equity	9.25%	12.41%	9.25%	9.15%
Hedge Funds/Absolute Return	12.00%	4.72%	12.00%	14.57%
Real Estate (Property)	2.00%	6.83%	4.25%	3.97%
Commodities	1.00%	5.32%	1.00%	3.58%
Timber	n/a	n/a	1.00%	4.61%
Farmland	n/a	n/a	1.00%	4.61%
Global Debt ex US	3.50%	-0.40%	n/a	n/a
Real Estate (REITS)	4.25%	5.12%	n/a	n/a
Total	100%		100%	

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8. PENSION PLANS (CONT'D)

Actuarial Assumptions (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 4.13% and 4.68% for TPAF as of June 30, 2015 and 2014, respectively, and 4.90% and 5.39% for PERS as of June 30, 2015 and 2014, respectively. For TPAF and PERS, these single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/ Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027 for TPAF and 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027 for TPAF and 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Teachers' Pension and Annuity Fund (TPAF) - As indicated above, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution.

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2016 calculated using a discount rate of 4.90% for PERS, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (3.9%)	Current Discount (4.9%)	1% Increase (5.9%)
District's proportionate share of the net pension liability	\$ 2,384,386	\$ 1,918,440	\$ 1,527,794

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9. 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, 2015, there were 107,314 retirees receiving post retirement medical benefits and the State contributed \$1.25 billion on their behalf.

The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c 62. Funding of post retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

NOTE 10. DEFERRED COMPENSATION

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

Lincoln Investment Planning, Inc. and Oppenheimer Funds

NOTE 11. RISK MANAGEMENT

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

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

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2016:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 53,858	\$
Special Projects Fund		50,527
Food Service		1,614
Payroll Fund		1,717
Total	\$ 53,858	\$ 53,858

NOTE 13. FUND BALANCE APPROPRIATED

General Fund - Of the \$706,259 General Fund balance at June 30, 2016, \$2,986 is committed for Encumbrances; \$79,278 has been restricted for Capital Reserve; \$300,000 has been restricted for Maintenance Reserve; \$60,000 has been restricted for Tuition Reserve of which \$60,000, has been appropriated and included as anticipated revenue for the year ending June 30, 2016; \$348,661 is restricted as Excess Surplus at June 30, 2016, of which \$173,713, has been appropriated and included as anticipated revenue for the year ending June 30, 2016; \$6,075 has been assigned and appropriated and included as anticipated revenue for the year ended June 30, 2016; and (\$90,741) represents deficit in unassigned and Undesignated Fund Balance.

Debt Service Fund – The Debt Service fund had no fund balance at June 30, 2016.

NOTE 14. CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance -- Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance of \$174,948 is to be anticipated in the 2017-18 budget.

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 Solicitor, there are currently no claims.

NOTE 16. OPERATING LEASE

The District had no new operating lease agreements during the 2015-2016 school year.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 17. DEFICIT FUND BALANCES

The District has deficit fund balances of \$90,741 unassigned in the General Fund and \$1,650 in the Special Revenue Fund, as of June 30, 2016, as reported in the fund statements (modified accrual basis). P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last two state aid payments in the subsequent fiscal year, the district cannot recognize those state aid payments on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the deficits do not alone indicate that the district is facing financial difficulties. The deficit in the General Fund is less than the 19th and 20th payments. The Special Revenue Fund deficit of \$1,650 is equal to the 19th and 20th payments received in July 2016.

End of Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 4,043,102	\$	\$ 4,043,102	\$ 4,043,102	\$
Tuition from Individuals - Preschool	15,000		15,000	36,696	21,696
Transportation from Other LEAs	47,000		47,000	72,348	25,348
Interest on Investments				4,479	4,479
Interest on Capital Reserve Account	225		225	225	
Rentals	45,000		45,000	57,446	12,446
Miscellaneous	5,000		5,000	2,151	(2,849)
Total Local Sources	4,155,327		4,155,327	4,216,447	61,120
State Sources:					
Equalization Aid	2,602,252		2,602,252	2,602,252	
School Choice	179,564		179,564	179,564	
Special Education Aid	300,139		300,139	300,139	
Transportation Aid	316,928		316,928	316,928	
Security Aid	55,469		55,469	55,469	
Under Adequacy Aid	37,291		37,291	37,291	
PARCC Readiness Aid	5,200		5,200	5,200	
Per Pupil Growth Aid	5,200		5,200	5,200	
Nonpublic Transportation Aid				5,469	5,469
On-Behalf TPAF Pension Contribution (non-budgeted)				183,890	183,890
On-Behalf TPAF Postretirement Medical Contribution (non-budgeted)				218,963	218,963
Reimbursed TPAF Social Security (non-budgeted)				176,138	176,138
Total State Sources	3,502,043		3,502,043	4,086,503	584,460
Federal Sources:					
TOTAL REVENUES	\$ 7,657,370	\$	\$ 7,657,370	\$ 8,302,950	\$ 645,580

**UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXPENDITURES:	Original Budget	Budget Adjustments Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Current Expense:					
Regular Programs - Instruction					
Salaries of Teachers:					
Preschool	\$ 39,609	\$ (222)	\$ 39,387	\$ 39,387	
Kindergarten	162,012	15,044	177,056	177,056	
Grades 1-5	748,921	17,486	766,407	763,047	3,360
Grades 6-8	661,003	(11,409)	649,594	649,394	200
Regular Programs - Home Instruction					
Salaries of Teachers	1,000		1,000		1,000
Regular Programs - Undistributed Instruction					
Purchased Technical Services	17,500	2,670	20,170	20,170	
Other Purchased Services	22,800	(508)	22,292	15,917	6,375
General Supplies	71,710	9,874	81,584	51,235	30,349
Textbooks	15,000	(5,721)	9,279	9,279	
Total Regular Programs - Instruction	1,739,555	27,214	1,766,769	1,725,485	41,284
Special Education - Instruction					
Resource Room/Resource Center					
Salaries of Teachers	346,073	818	346,891	346,891	
Other Salaries for Instruction	92,852	(985)	91,867	84,882	6,985
General Supplies	1,500	436	1,936	1,936	
Total Learning and Language Disabilities	440,425	269	440,694	433,709	6,985
Total Special Education	440,425	269	440,694	433,709	6,985
Basic Skills/Remedial - Instruction					
Salaries of Teachers	115,920	(27,163)	88,757	88,757	
Total Basic Skills/Remedial - Instruction	\$ 115,920	\$ (27,163)	\$ 88,757	\$ 88,757	

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

EXPENDITURES: (Continued)	Original Budget	Budget Adjustments Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Bilingual Education - Instruction					
Salaries of Teachers	\$ 58,927	\$ (325)	\$ 58,602	\$ 54,963	\$ 3,639
General Supplies		325	325	325	
Total Bilingual Education - Instruction	58,927		58,927	55,288	3,639
School Sponsored Co/Extra-Curricular Activities - Instruction					
Salaries	17,000	4,448	21,448	21,448	
Supplies and Materials	500	(365)	135	135	
Total School Sponsored Co/Extra-Curricular Activities	17,500	4,083	21,583	21,583	
School Sponsored Athletic Activities					
Salaries	5,000	102	5,102	5,102	
Purchased Services	3,500	(131)	3,369	3,369	
Supplies and Materials	1,500	(875)	625	625	
Other Objects	600	(600)			
Total School Sponsored Athletic Activities	10,600	(1,504)	9,096	9,096	
Total Instruction	2,382,927	2,899	2,385,826	2,333,918	51,908
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State - Regular	1,849,959	3	1,849,962	1,849,962	
Tuition to Other LEAs Within State - Special	182,750		182,750	182,750	
Tuition County Voc. School Dist - Regular	155,000	(76,250)	78,750	74,152	4,598
Tuition to CSSD and Regional Day Schools	131,599	19,517	151,116	140,754	10,362
Tuition to Private Schools/Disabled Within State	117,239	(53,117)	64,122	64,122	
Total Undistributed Expenditures - Instruction	2,436,547	(109,847)	2,326,700	2,311,740	14,960
Attendance and Social Worker Services					
Salaries	13,973	3,599	17,572	17,572	
Total Attendance and Social Worker Services	13,973	3,599	17,572	17,572	
Health Services					
Salaries	75,304	1,375	76,679	76,253	426
Purchased Professional and Technical Services	4,500	934	5,434	4,936	498
Supplies and Materials	3,500		3,500	3,440	60
Other Objects		85	85	85	
Total Health Services	\$ 83,304	\$ 2,394	\$ 85,698	\$ 84,714	\$ 984

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

EXPENDITURES: (Continued)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Speech, OT, PT and Related Services					
Salaries	\$ 70,074	\$ 927	\$ 71,001	\$ 71,001	
Purchased Professional/Educational Services	45,000	(7,415)	37,585	37,585	
Supplies and Materials		642	642	642	
Total Related Services	115,074	(5,846)	109,228	109,228	-
Special Education - Extraordinary Services					
Salaries	22,141	15,578	37,719	37,719	
Purchased Professional/Educational Services	79,940	63,817	143,757	141,344	2,413
Total Extraordinary Services	102,081	79,395	181,476	179,063	2,413
Other Support Services Students - Guidance					
Salaries of Other Professional Staff	59,594		59,594	59,163	431
Supplies and Materials	400		400	203	197
Total Other Support Services Students - Guidance	59,994		59,994	59,366	628
Other Support Services Student - Child Study Team					
Salaries of Other Professional Staff		6,000	6,000	6,000	
Salaries of Secretarial and Clerical Assistants	12,422	9	12,431	12,431	
Purchased Professional/Educational Services	32,934	(9,123)	23,811	19,964	3,847
Other Professional and Technical Services	2,000		2,000		2,000
Supplies and Materials	3,200	(1,174)	2,026	494	1,532
Total Other Support Services Students - Child Study Team	50,556	(4,288)	46,268	38,889	7,379
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	47,761		47,761	43,372	4,389
Purchased Professional/Educational Services	1,000		1,000	1,000	
Total Educational Media/School Library	48,761		48,761	44,372	4,389
Educational Media Services/School Library					
Salaries	18,695	(4,687)	14,008	14,008	
Purchased Professional and Technical Services	3,000	434	3,434	3,434	
Supplies and Materials	5,000	(434)	4,566	3,731	835
Total Educational Media/School Library	\$ 26,695	\$ (4,687)	\$ 22,008	\$ 21,173	\$ 835

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Instructional Staff Training Services					
Purchased Professional- Educational Services	\$ 1,500	\$ 1,110	\$ 2,610	\$ 2,610	
Other Prof/Tech Services	1,400	1,100	2,500	1,950	550
Other Purchased Services (400-500 series)	5,000	257	5,257	4,151	1,106
Total Instructional Staff Training Services	7,900	2,467	10,367	8,711	1,656
Support Services General Administration					
Salaries	47,606	2,630	50,236	50,236	
Legal Services	9,000		9,000	4,758	4,242
Audit Fees	14,500	250	14,750	14,750	
Other Purchased Professional Services	95,100	(2,157)	92,943	83,300	9,643
Purchased Technical Services		500	500	500	
Communications/Telephone	23,000	(5,027)	17,973	14,983	2,990
Misc Purchased Services (400-500) [Other than 530&585]	16,018	3,903	19,921	19,921	
General Supplies	2,500	2,569	5,069	3,710	1,359
Misc Expenditures	3,650	(3,349)	301	299	2
BOE Membership Dues and Fees	5,500		5,500	5,183	317
Total Support Services General Administration	216,874	(681)	216,193	197,640	18,553
Support Services School Administration					
Salaries of Principals/Assistant Principals	71,642	(632)	71,010	70,975	35
Salaries of Secretarial and Clerical Assistants	34,833	31	34,864	34,505	359
Other Salaries	3,000	(1,892)	1,108	1,108	
Purchased Prof. And Tech. Services	6,500	1,392	7,892	7,892	
Supplies and Materials	3,000	1,668	4,668	2,771	1,897
Other Objects	1,950	(891)	1,059	1,059	
Total Support Service School Administration	120,925	(324)	120,601	118,310	2,291
Central Services					
Purchased Professional Services	106,000		106,000	106,000	
Purchased Technical Services	9,000	625	9,625	9,625	
Supplies and Materials	2,000	(544)	1,456	1,456	
Interest on Lease Purchase Agreement	2,533		2,533	2,533	
Miscellaneous Expenditures	150	1,432	1,582	787	795
Total Central Services	119,683	1,513	121,196	120,401	795
Admin. Info. Technology					
Salaries	\$ 5,775		\$ 5,775	\$ 5,736	\$ 39

UPPER PITTSBURGH TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Required Maintenance of School Facilities					
Salaries	\$	\$ 19,752	\$ 19,752	\$ 18,000	\$ 1,752
Cleaning, Repair and Maintenance Services	72,900	(29,495)	43,405	26,870	16,535
General Supplies	2,000	8,223	10,223	10,223	
Other Objects	200		200		200
Total Required Maintenance of School Facilities	75,100	(1,520)	73,580	55,093	18,487
Undistributed Expenditures - Custodial Services					
Salaries	179,596	1,412	181,008	180,795	213
Purchased Prof. And Tech. Services		1,865	1,865	1,691	174
Cleaning, Repair and Maintenance Services	45,000	774	45,774	44,617	1,157
Insurance	43,428	(1,538)	41,890	41,890	
General Supplies	26,500	6,670	33,170	27,937	5,233
Energy - Natural Gas	3,500		3,500	3,413	87
Energy - Electricity	127,600	(8,954)	118,646	91,217	27,429
Total Undist. Expend - Custodial Services	425,624	229	425,853	391,560	34,293
Total Other Operations and Maintenance of Plant Services	500,724	(1,291)	499,433	446,653	52,780
Student Transportation Services					
Salaries for Pupil Trans (Between Home/School) - Regular	165,011	(133,966)	31,045	30,795	250
Salaries for Pupil Trans (Between Home/School) - Special	19,356	27,733	47,089	38,172	8,917
Salaries for Pupil Trans (Other than Between Home/School)	6,000	3,859	9,859	8,080	1,779
Cleaning, Repair and Maintenance Services	45,000	(27,485)	17,515	16,170	1,345
Lease Purchase Payments - School Buses	3,952	(53)	3,899	3,895	4
Contract Services-Aid in Lieu Payments-Non Public School	22,100	(5,712)	16,388	16,388	
Contract Services-Aid in Lieu Payments-Choice School		3,536	3,536	3,536	
Contract Services-(Home/School) Vendors		250,262	250,262	249,830	432
Contract Services-(Home/School) Joint Agreements		16,371	16,371	16,371	
Contract Services (Special Education Stds)-Joint Agrmts	47,000	(36,898)	10,102	91	10,011
Contract Services (Special Education Stds)-ESCs & CTSAs		10,625	10,625	10,625	
Miscellaneous Purchased Services - Transportation	7,000	(3,318)	3,682	1,474	2,208
General Supplies	84,000	(62,511)	21,489	19,901	1,588
Total Student Transportation Services	\$ 399,419	\$ 42,443	\$ 441,862	\$ 415,328	\$ 26,534

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Employee Benefits					
Social Security Contributions	\$ 64,000	\$ (313)	\$ 63,687	\$ 58,977	\$ 4,710
Other Retirement Contributions - PERS	72,886	588	73,474	73,474	
Unemployment Compensation	15,000		15,000	10,333	4,667
Workmen's Compensation	38,621		38,621	35,994	2,627
Health Benefits	860,698	(6,960)	853,738	759,787	93,951
Tuition Reimbursements	12,000	(3,042)	8,958	5,394	3,564
Other Employee Benefits	2,500	11,614	14,114	13,965	149
Total Employee Benefits	1,065,705	1,887	1,067,592	957,924	109,668
On-Behalf TPAF Pension Contribution (non-budgeted)				183,890	(183,890)
On-Behalf TPAF Postretirement Contribution (non-budgeted)				218,963	(218,963)
Reimbursed TPAF Social Security (non-budgeted)				176,138	(176,138)
Total On-Behalf Contributions				578,991	(578,991)
Total Undistributed Expenditures	5,373,990	6,734	5,380,724	5,715,811	(335,087)
Total Expenditures - Current Expense	7,756,917	9,633	7,766,550	8,049,729	(283,179)
Capital Outlay					
Increase in Capital Reserve					
Equipment					
Undistributed Expenditures:					
Instruction					
Central Services - Equipment	4,000		4,000		4,000
Custodial Services	14,353		14,353	14,352	1
Custodial Services - Lease Principal	26,501		26,501	15,054	11,447
School Busses - Regular - Lease Principal	68,616	53	68,669	68,669	
Total Equipment	113,470	53	113,523	98,075	15,448
Facilities Acquisitions and Construction Services					
Interest Deposit to Capital Reserve					
Land and Improvements	15,000		15,000	14,900	100
Assessment for Debt Service on SDA Funding	9,474		9,474	9,474	
Total Facilities Acquisitions and Construction Services	24,474		24,474	24,374	100
Assets Acquired Under Capital Leases (non-budgeted)					
Interest Deposit to Capital Reserve	225		225		225
Total Assets Acquired Under Capital Leases (non-budgeted)	225		225		225
Total Capital Outlay	138,169	53	138,222	122,449	15,773
Total Expenditures	\$ 7,895,086	\$ 9,686	\$ 7,904,772	\$ 8,172,178	\$ (267,406)

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (237,716)	\$ (9,686)	\$ (247,402)	\$ 130,772	\$ 378,174
Other Financing Sources (Uses): Transfer from Capital Projects Fund				15,454	15,454
Total Other Financing Sources (Uses)				15,454	15,454
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(237,716)	(9,686)	(247,402)	146,226	393,628
Fund Balances, July 1	906,243		906,243	906,243	
Fund Balances, June 30	\$ 668,527	\$ (9,686)	\$ 658,841	\$ 1,052,469	\$ 393,628

RECAPITULATION :

Fund Balances

Restricted for:					
Capital Reserve				\$ 79,278	
Maintenance Reserve				300,000	
Tuition Reserve - 2015-16				60,000	
Excess Surplus				174,948	
Excess Surplus - Designated for Subsequent Year's Expenditures				173,713	
Assigned to:					
Year - End Encumbrances				2,986	
Assigned Fund Balance - Designated for Subsequent Year's Expenditures				6,075	
Unassigned Fund Balance				255,469	
				<u>1,052,469</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				<u>(346,210)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 706,259</u>	

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES					
Federal Sources	\$ 141,909	\$ 89,030	\$ 230,939	\$ 230,939	\$
State Sources	16,500		16,500	16,500	
Total Revenues	<u>158,409</u>	<u>89,030</u>	<u>247,439</u>	<u>247,439</u>	
EXPENDITURES					
Instruction					
Salaries of Teachers	65,344	30,046	95,390	95,390	
Purchased Prof/Technical Services		-			
Supplies and Materials		24,474	24,474	24,474	
Total Instruction	<u>65,344</u>	<u>54,520</u>	<u>119,864</u>	<u>119,864</u>	
Support Services					
Personal Services - Employee Benefits		18,564	18,564	18,564	
Purchased Prof/Technical Services	93,065	15,946	109,011	109,011	
Total Support Services	<u>93,065</u>	<u>34,510</u>	<u>127,575</u>	<u>127,575</u>	
Facilities Acquisition and Construction Services					
Instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	<u>158,409</u>	<u>89,030</u>	<u>247,439</u>	<u>247,439</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION – PART II**

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
BUDGET-TO-GAAP RECONCILIATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

		<u>General Fund</u>			<u>Special Revenue Fund</u>
Sources/inflows of resources					
Actual amounts (budgetary basis) "revenue" from the Budgetary Comparison Schedule	[C-1] \$	8,302,950	[C-2] \$		247,439
Difference - Budget to GAAP:					
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.					
Encumbrances: June 30, 2015					9,166
Encumbrances: June 30, 2016					
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		330,865			1,650
State aid payment recognized for budgetary purposes, not recognized for GAAP statements		(346,210)			(1,650)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$	<u>8,287,605</u>	[B-2] \$		<u>256,605</u>
Uses/outflows of resources					
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$	8,172,178	[C-2] \$		247,439
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.					
Pension Expense recognized for GAAP but not for budgetary purposes.					
Encumbrances: June 30, 2015					9,166
Encumbrances: June 30, 2016					
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$	<u>8,172,178</u>	[B-2] \$		<u>256,605</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEE'S RETIREMENT SYSTEM

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.008546%	0.800900%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,918,440	\$ 1,499,685
District's Covered-Employee Payroll	\$ 484,808	\$ 548,308
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its covered-employee Payroll	395.71%	273.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEE'S RETIREMENT SYSTEM

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 73,474	\$ 66,033
Contributions in Relation to the Contractually Required Contribution	(73,474)	(66,033)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 484,808	\$ 548,308
Contributions as a Percentage of Covered-Employee Payroll	15.16%	12.04%

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHERS PENSION PLAN

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.021640%	0.021470%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 13,677,666	\$ 11,474,875
District's Covered-Employee Payroll	\$ 2,442,426	\$ 2,354,687
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its covered-employee Payroll	560.00%	487.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT CONTRIBUTIONS
TEACHERS' PENSION PLAN

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

Note: This schedule is required by GASB 68 to show information for a 10 year period. However, information is only currently available for three years. Additional years will be presented as they become available.

**NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION – PART II**

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III
PENSION SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Teachers' Pension and Annuity Fund (TPAF)

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

Change of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

Public Employees' Retirement System (PERS)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Change of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

	NCLB		I.D.E.A. PART B		SUBTOTAL PER E-1(2)	TOTAL	
	TITLE I PART A 2015-16	TITLE II PART A 2015-16	BASIC	PRE- SCHOOL		2016	2015
REVENUES							
Federal Sources	\$ 83,192	\$ 7,504	\$ 105,429	\$ 3,582	\$ 31,232	\$ 230,939	\$ 199,849
State Sources					16,500	16,500	16,500
Total Revenues	83,192	7,504	105,429	3,582	47,732	247,439	216,349
EXPENDITURES							
Instruction							
Salaries of Teachers	65,500	5,900			23,990	95,390	61,700
Purchased Professional/Technical Services							10,631
Supplies and Materials	662	70			23,742	24,474	22,181
Total Instruction	66,162	5,970			47,732	119,864	94,512
Support Services							
Personal Services - Employee Benefits	17,030	1,534				18,564	12,348
Purchased Professional/Technical Services			105,429	3,582		109,011	109,489
Total Support Services	17,030	1,534	105,429	3,582		127,575	121,837
Facilities Acquisition							
Instructional Equipment							
Total Facilities Acquisition							
Total Expenditures	\$ 83,192	\$ 7,504	\$ 105,429	\$ 3,582	\$ 47,732	\$ 247,439	\$ 216,349

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

	<u>PRESCHOOL EDUCATION</u>	<u>REAP 2014-15</u>	<u>TOTAL</u>
REVENUES			
Federal Sources	\$	\$ 31,232	\$ 31,232
State Sources	16,500		16,500
Total Revenues	<u>16,500</u>	<u>31,232</u>	<u>47,732</u>
EXPENDITURES			
Instruction			
Salaries of Teachers	16,500	7,490	23,990
Supplies and Materials		23,742	23,742
Total Instruction	<u>16,500</u>	<u>31,232</u>	<u>47,732</u>
Support Services			
Personal Services - Employee Benefits			
Purchased Professional/Technical Services			
Other Purchased Services			
Total Support Services			
Facilities Acquisition			
Instructional Equipment			
Total Facilities Acquisition			
Total Expenditures	<u>\$ 16,500</u>	<u>\$ 31,232</u>	<u>\$ 47,732</u>

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 16,500	\$ 16,500	
Total Instruction	<u>16,500</u>	<u>16,500</u>	
Total Support Services			
Total Facilities Acquisition and Const. Services			
Contribution to Charter Schools			
Total Expenditures	<u>\$ 16,500</u>	<u>\$ 16,500</u>	

CALCULATION OF BUDGET & CARRYOVER

Total 2015-16 Preschool Education Aid Allocation	\$ 16,500	(1)
Add: Actual ECPA Carryover (June 30, 2015)		(2)
Add: Budgeted Transfer from General Fund 2015-16		(3)
Total Preschool Education Aid Funds Available for 2015-16 Budget	<u>16,500</u>	(4)
Less: 2015-16 Budgeted Preschool Education Aid and Prior Year Budgeted (Carryover)	<u>(16,500)</u>	(5)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2016	-	(6)
Add: June 30, 2016 Unexpended Preschool Education Aid		(7)
Less: 2015-16 Commissioner-approved Transfer to the General Fund		(8)
2015-16 Carryover - Preschool Education Aid	<u>\$ -</u>	(9)
2015-16 Preschool Education Aid Carryover Budgeted for Preschool Programs 2016-17	<u>\$ -</u>	(10)

CAPITAL PROJECTS FUND DETAIL STATEMENT

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

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Number</u>	<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance 6/30/16</u>	<u>Cancelled To General Fund</u>	<u>Unexpended Balance 6/30/16</u>	<u>Memo Only</u>	
			<u>Prior Year</u>	<u>Current Year</u>				<u>Encumbrances</u>	<u>Available Balance</u>
2015-1	HVAC Upgrades to the Upper Pittsgrove Elementary School	\$ 172,046	\$ 172,046	\$	\$ 15,454	15,454	-	\$	\$
		<u>\$ 172,046</u>	<u>\$ 172,046</u>	<u>\$</u>	<u>\$ 15,454</u>	<u>15,454</u>	<u>-</u>	<u>\$</u>	<u>\$</u>

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2016

**Revenues and Other Financing
Sources**

NJSDA	\$	
Transfer from Capital Outlay		
Total Revenues		

**Expenditures and Other Financing
Uses**

Construction Services		
Total Expenditures		

Excess (Deficiency) of Revenues Over (Under) Expenditures

Other Financing Sources and Uses:

Adjustment to State Aid	6,226
Transfer to General Fund	(15,454)

Excess (Deficiency) of Revenues Over (Under) Expenditures (9,228)

Fund Balance - Beginning 9,228

Fund Balance - Ending \$ -

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

HVAC Upgrades at the Upper Pittsgrove
Elementary School

	Prior Periods	Current Cancellation	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - NJSDA Grant	\$ 75,000	\$	\$ 75,000	\$ 75,000
Transfer from Capital Outlay	112,500	(15,454)	97,046	97,046
Total Revenues	187,500	(15,454)	172,046	172,046
Expenditures and Other Financing Uses				
Construction Services	172,046		172,046	172,046
Total Expenditures	172,046		172,046	172,046
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 15,454	\$ (15,454)	\$ 0	\$

Additional project information:

Project Number	5320-070-14-1001
Grant Number	G5-5779
Grant Date	5/23/2014
Original Authorization Cost	\$187,500
Additional Authorized Cost	\$0
Revised Authorized Cost	\$187,500
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	100%
Original Target Completion Date	N/A
Revised Target Completion Date	6/30/2013

PROPRIETARY FUND DETAIL STATEMENTS

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

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

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

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2016 AND 2015

	<u>FOOD SERVICE FUND</u>	<u>SCHOOL CARE</u>	<u>TOTAL</u>	
			<u>2016</u>	<u>2015</u>
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 72,218	\$ 16,292	\$ 88,510	\$ 59,273
Accounts Receivable				
State	52		52	112
Federal	2,671		2,671	3,716
Other	990	135	1,125	3,797
Inventories	3,509		3,509	2,246
Total Current Assets	<u>79,440</u>	<u>16,427</u>	<u>95,867</u>	<u>69,144</u>
Fixed Assets				
Equipment	137,974		137,974	137,974
Accumulated Depreciation	(128,474)		(128,474)	(126,780)
Total Fixed Assets	<u>9,500</u>		<u>9,500</u>	<u>11,194</u>
Total Assets	<u>\$ 88,940</u>	<u>\$ 16,427</u>	<u>\$ 105,367</u>	<u>\$ 80,338</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 6,926		\$ 6,926	\$ 3,017
Interfund Payable	1,614		1,614	
Unearned Revenue	4,091	4,100	8,191	1,318
Total Liabilities	<u>12,631</u>	<u>4,100</u>	<u>16,731</u>	<u>4,335</u>
NET POSITION				
Unrestricted	<u>76,309</u>	<u>12,327</u>	<u>88,636</u>	<u>76,003</u>
Total Net Position	<u>76,309</u>	<u>12,327</u>	<u>88,636</u>	<u>76,003</u>
Total Liabilities and Fund Equity	<u>\$ 88,940</u>	<u>\$ 16,427</u>	<u>\$ 105,367</u>	<u>\$ 80,338</u>

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

	FOOD SERVICE FUND	SCHOOL CARE	TOTAL	
			2016	2015
OPERATING REVENUES				
Local Sources				
Daily Sales				
Reimbursable Programs	\$ 36,506	\$	\$ 36,506	\$ 33,470
Non-Reimbursable Programs	23,133		23,133	23,225
Special Functions	17,819		17,819	20,697
Program Fees		32,453	32,453	37,947
Total Operating Revenue	77,458	32,453	109,911	115,339
OPERATING EXPENSES				
Labor	42,507	36,469	78,976	71,906
Depreciation	1,694		1,694	2,870
Cost of Sales	53,438		53,438	64,335
Supplies and Materials	5,851	4,181	10,032	21,917
Management Fee	11,524		11,524	11,947
Other	4,225		4,225	4,166
Total Operating Expenses	119,239	40,650	159,889	177,141
Operating Income (Loss)	(41,781)	(8,197)	(49,978)	(61,802)
NON-OPERATING REVENUES				
State Sources				
State School Lunch Program	1,104		1,104	1,214
Federal Sources				
National School Lunch Program	36,984		36,984	41,189
School Breakfast Program	12,802		12,802	12,148
Food Distribution Program	11,646		11,646	12,406
Interest	53	22	75	55
Total Non-Operating Revenues	62,589	22	62,611	67,012
Net Income (Loss) Before Operating Transfers	20,808	(8,175)	12,633	5,210
Net (Loss) Income	20,808	(8,175)	12,633	5,210
Net Position - July 1	55,501	20,502	76,003	70,793
Net Position - June 30	\$ 76,309	\$ 12,327	\$ 88,636	\$ 76,003

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2016 AND 2015

	FOOD SERVICE FUND	SCHOOL CARE	TOTAL	
			2016	2015
Cash Flows from Operating Activities				
Receipts from Customers	\$ 77,458	\$ 32,453	\$ 109,911	\$ 115,339
Payments to Employees	(42,507)	(36,469)	(78,976)	(71,906)
Payments to Suppliers	(64,962)		(64,962)	(76,282)
Payments to Others	12,470	(171)	12,299	(20,713)
Net Cash Provided by (Used for) Operating Activities	(17,541)	(4,187)	(21,728)	(53,562)
Cash Flows from Non-Capital Financing Activities				
State Sources	1,104		1,104	1,214
Federal Sources	49,786		49,786	53,337
Net Cash Provided by (Used for) Non-Capital Financing Activities	50,890		50,890	54,551
Cash Flows from Capital Financing Activities				
Purchase of Fixed Assets				
Net Cash Provided by (Used for) Capital Financing				
Cash Flows from Investing Activities				
Interest and Dividends	53	22	75	55
Net Cash Provided by (Used for) Investing Activities	53	22	75	55
Net Increase (Decrease) in Cash and Cash Equivalents	33,402	(4,165)	29,237	1,044
Balances - Beginning of Year	38,816	20,457	59,273	58,229
Balances - End of Year	\$ 72,218	\$ 16,292	\$ 88,510	\$ 59,273
Operating Income (Loss)	\$ (41,781)	\$ (8,197)	\$ (49,978)	\$ (61,802)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities				
Food Distribution Program	11,646		11,646	12,406
Depreciation	1,694		1,694	2,870
Change in Assets and Liabilities				
(Increase) Decrease in Inventory	(1,263)		(1,263)	502
(Increase) Decrease in Accounts Receivable	3,867	(90)	3,777	(2,297)
Increase (Decrease) in Unearned Revenue	2,773	4,100	6,873	335
Increase (Decrease) in Payables	5,523		5,523	(5,576)
Total Adjustments	24,240	4,010	28,250	8,240
Net Cash Used by Operating Activities	\$ (17,541)	\$ (4,187)	\$ (21,728)	\$ (53,562)

FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

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

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

	<u>AGENCY</u>			<u>TOTAL</u>	
	<u>SCHOLARSHIP TRUST</u>	<u>STUDENT ACTIVITY</u>	<u>PAYROLL</u>	<u>2016</u>	<u>2015</u>
ASSETS					
Cash and Cash Equivalents	\$ 14,329	\$ 14,916	\$ 43,034	\$ 72,279	\$ 49,521
Investments		1,828		1,828	1,816
Total Assets	14,329	16,744	43,034	74,107	51,337
LIABILITIES					
Due to General Fund			1,717	1,717	1,735
Deductions Payable			26,857	26,857	18,325
Due to Student Groups		16,744		16,744	16,479
Flexible Spending Reserve			14,460	14,460	
Total Liabilities		16,744	43,034	59,778	36,539
NET POSITION					
Reserved for Scholarships	14,329			14,329	14,798
Total Net Position	\$ 14,329	\$	\$	\$ 14,329	\$ 14,798

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SCHOLARSHIP TRUST
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

OPERATING REVENUES

Local Sources	
Interest on Investments	\$ 31
Total Operating Revenue	<u>31</u>

OPERATING EXPENDITURES

Awards	<u>500</u>
Total Operating Expenditures	<u>500</u>
Change in Net Position	(469)
Net Position - July 1, 2015	<u>14,798</u>
Net Position - June 30, 2016	<u>\$ 14,329</u>

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS				
Cash and Cash Equivalents	\$ 14,663	\$ 48,094	\$ 47,841	\$ 14,916
Certificates of Deposit	1,816	12		1,828
Total Assets	<u>\$ 16,479</u>	<u>\$ 48,106</u>	<u>\$ 47,841</u>	<u>\$ 16,744</u>
LIABILITIES				
Due to Student Groups	\$ 16,479	\$ 48,106	\$ 47,841	\$ 16,744
Total Liabilities	<u>\$ 16,479</u>	<u>\$ 48,106</u>	<u>\$ 47,841</u>	<u>\$ 16,744</u>

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS				
Cash and Cash Equivalents	\$ 20,060	\$ 3,597,330	\$ 3,574,356	\$ 43,034
Total Assets	<u>\$ 20,060</u>	<u>\$ 3,597,330</u>	<u>\$ 3,574,356</u>	<u>\$ 43,034</u>
LIABILITIES				
Interfunds Payable	\$ 1,735	\$ 37	\$ 55	\$ 1,717
Payroll Deductions and Withholdings	18,325	3,572,870	3,564,338	26,857
Flexible Spending Reserve		24,423	9,963	14,460
Total Liabilities	<u>\$ 20,060</u>	<u>\$ 3,597,330</u>	<u>\$ 3,574,356</u>	<u>\$ 43,034</u>

LONG-TERM DEBT SCHEDULES

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
LONG TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2016</u>
Various Repairs and Renovations	3/1/04	\$ 625,000	3/1/16	\$ 70,000	4.00%	\$ 70,000	\$	\$ 70,000	\$ 0
						\$ 70,000	\$	\$ 70,000	\$ 0

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
LONG TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance June 30, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2016</u>
2009 Solar Energy System	\$ 132,845	5.46%	\$ 47,604	\$	\$ 15,054	\$ 32,550
2010 School Bus - 23 Passenger	78,890	5.50%	15,276		13,033	2,243
2010 School Bus-54 Passenger	84,060	5.50%	19,710		13,753	5,957
2014 School Bus-54 Passenger (2)	194,624	2.055%	128,322		41,883	86,439
			<u>\$ 210,912</u>	<u>\$</u>	<u>\$ 83,723</u>	<u>\$ 127,189</u>
					<u>\$ 83,723</u>	

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 71,600	\$	\$ 71,600	\$ 71,600	\$
Total Local Sources	<u>71,600</u>		<u>71,600</u>	<u>71,600</u>	
State Sources					
Debt Service Aid					
Total State Sources					
Total Revenues	<u>71,600</u>		<u>71,600</u>	<u>71,600</u>	
EXPENDITURES					
Regular Debt Service					
Interest	2,800		2,800	2,800	
Redemption of Principal	70,000		70,000	70,000	
Total Regular Debt Service	<u>72,800</u>		<u>72,800</u>	<u>72,800</u>	
Total Expenditures	<u>72,800</u>		<u>72,800</u>	<u>72,800</u>	
Excess (Deficiency) of Revenue Over (Under) Expenditures	(1,200)		(1,200)	(1,200)	
Other Financing Sources (Uses)					
Fund Balance - July 1, 2015	<u>1,200</u>		<u>1,200</u>	<u>1,200</u>	
Fund Balance - June 30, 2016	<u>\$ -</u>	<u>\$</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$</u>

STATISTICAL SECTION

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(UNAUDITED)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 1,794,816	\$ 1,924,706	\$ 2,142,303	\$ 2,386,905	\$ 2,681,839	\$ 3,054,431	\$ 3,335,484	\$ 3,231,987	\$ 3,312,866	\$ 3,092,769
Restricted	145,399	98,804	210,900	413,308	576,300	558,640	521,818	768,733	658,946	795,350
Unrestricted	56,612	5,307	(94,932)	(127,644)	(128,763)	(106,200)	(157,506)	(222,560)	(1,603,342)	(1,546,710)
Total Governmental Activities Net Position	\$ 1,996,827	\$ 2,028,817	\$ 2,258,271	\$ 2,672,569	\$ 3,129,376	\$ 3,506,871	\$ 3,699,796	\$ 3,778,160	\$ 2,368,470	\$ 2,341,409
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 44,238	\$ 30,445	\$ 22,378	\$ 17,405	\$ 21,282	\$ 18,876	\$ 16,470	\$ 14,064	\$ 11,194	\$ 9,500
Restricted										
Unrestricted	22,192	11,217	16,381	10,334	29,351	43,283	52,591	56,729	64,809	79,136
Total Business-Type Activities Net Position	\$ 66,430	\$ 41,662	\$ 38,759	\$ 27,739	\$ 50,633	\$ 62,159	\$ 69,061	\$ 70,793	\$ 76,003	\$ 88,636
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 1,839,054	\$ 1,955,151	\$ 2,164,681	\$ 2,404,310	\$ 2,703,121	\$ 3,073,307	\$ 3,351,954	\$ 3,246,051	\$ 3,324,060	\$ 3,102,269
Restricted	145,399	98,804	210,900	413,308	576,300	558,640	521,818	768,733	658,946	795,350
Unrestricted	78,804	16,524	(78,551)	(117,310)	(99,412)	(62,917)	(104,915)	(165,831)	(1,538,533)	(1,467,574)
Total District-Wide Net Position	\$ 2,063,257	\$ 2,070,479	\$ 2,297,030	\$ 2,700,308	\$ 3,180,009	\$ 3,569,030	\$ 3,768,857	\$ 3,848,953	\$ 2,444,473	\$ 2,430,045

Source: CAFR Schedule A-1

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
 (UNAUDITED)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 1,563,390	1,629,796	1,607,999	1,714,229	1,613,172	1,877,092	1,690,606	1,824,169	1,727,278	1,854,515
Special Education	339,636	363,080	356,273	377,818	411,831	417,478	410,947	436,865	428,787	433,709
Other Special Education	155,123	187,018	147,793	132,971	143,205	159,360	152,740	155,522	176,572	174,724
Support Services										
Tuition	1,906,303	2,229,523	2,031,193	2,084,793	1,996,070	2,078,585	2,056,917	2,088,860	2,488,476	2,311,740
Student and Instruction Related Services	452,727	364,290	516,604	548,251	487,681	353,810	529,147	518,863	532,332	672,099
General Administrative Services	202,363	196,482	192,050	194,566	180,532	180,090	179,550	165,174	216,215	197,640
School Administrative Services	143,106	144,521	149,339	161,760	161,643	171,161	148,177	158,146	156,081	118,310
Central Services and Administrative Info. Tech.	136,596	114,946	123,709	128,008	121,797	119,188	133,449	133,441	137,554	126,137
Plant Operations and Maintenance	386,380	364,438	380,310	375,098	397,715	444,658	560,265	450,654	434,024	446,653
Pupil Transportation	411,650	435,180	370,171	369,543	334,941	348,789	377,295	390,306	419,370	415,328
Unallocated Employee Benefits	1,228,944	1,291,098	1,114,385	1,119,872	1,126,101	1,258,022	1,388,656	1,454,366	2,014,832	2,303,563
Unallocated Depreciation Expense	207,634	232,493	232,580	229,904	234,465	237,739	271,531	259,430	245,703	234,178
Interest on Long-Term Debt	124,638	108,844	92,399	75,130	64,488	42,144	23,046	14,817	14,341	11,756
Amortization of Debt Issue Costs	2,667	2,667	2,667	2,667	2,666	2,667				
Total Governmental Activities Expenses	7,261,157	7,664,376	7,317,472	7,514,610	7,276,307	7,690,783	7,922,326	8,050,613	8,991,565	9,300,352
Business-Type Activities										
Food Service	121,606	126,633	123,612	122,974	-	89,050	150,999	135,311	131,097	119,239
School Care	26,925	24,985	30,654	33,165	-	47,466	38,839	42,006	46,044	40,650
Total Business-Type Activities Expense	148,531	151,618	154,266	156,139	-	136,516	189,838	177,317	177,141	159,889
Total District Expenses	\$ 7,409,688	7,815,994	7,471,738	7,670,749	7,276,307	7,827,299	8,112,164	8,227,930	9,168,706	9,460,241
Program Revenues										
Governmental Activities										
Charges for Services										
Instruction (Tuition)	\$									
Pupil Transportation										
Operating Grants and Contributions	780,666	761,526	531,570	606,172	566,557	609,289	673,978	657,949	692,932	835,596
Total Governmental Activities Program Revenues	780,666	761,526	531,570	606,172	566,557	609,289	673,978	657,949	692,932	835,596
Business-Type Activities										
Charges for Services										
Food Service	61,121	63,707	70,786	69,766	90,236	89,050	88,063	83,633	77,410	77,458
School Care	28,514	30,861	33,410	33,014	43,240	47,466	44,939	37,980	37,929	32,453
Operating Grants and Contributions	40,006	37,977	47,130	46,829	40,589	51,717	63,686	57,377	66,957	62,536
Total Business-Type Activities Program Revenues	129,641	132,545	151,326	149,609	174,065	188,233	196,688	178,990	182,296	172,447
Total District Program Revenues	\$ 910,307	894,071	682,896	755,781	740,622	797,522	870,666	836,939	875,228	1,008,043
Net (Expense)/Revenue										
Governmental Activities	\$ (6,480,491)	(6,902,850)	(6,785,902)	(6,908,438)	(6,709,750)	(7,081,494)	(7,248,348)	(7,392,664)	(8,298,633)	(8,464,756)
Business-Type Activities	(18,890)	(19,073)	(2,940)	(6,530)	174,065	51,717	6,850	1,673	5,155	12,558
Total District-Wide Net Expense	\$ (6,499,381)	(6,921,923)	(6,788,842)	(6,914,968)	(6,535,685)	(7,029,777)	(7,241,498)	(7,390,991)	(8,293,478)	(8,452,198)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes Levied for General Purposes, Net	\$ 2,863,480	3,135,382	3,260,797	3,477,394	3,547,690	3,547,690	3,547,690	3,776,190	3,965,591	4,043,102
Taxes Levied for Debt Service	301,076	296,338	295,169	301,906	335,168	330,656	324,813	67,800	70,353	71,600
Unrestricted Grants and Contributions	3,247,766	3,423,550	3,329,619	3,423,393	3,171,541	3,436,320	3,456,959	3,448,467	4,045,238	4,143,422
Investment Earnings	16,826	15,733	4,540	2,255	3,090	2,930	3,075	4,094	4,339	4,704
Tuition and Transportation Revenue	92,200	59,057	89,031	96,258	73,129	102,179	75,907	82,716	98,099	109,044
Miscellaneous Income	25,543	44,763	36,200	31,151	41,695	48,714	36,606	91,761	59,942	59,597
Fixed Asset Adjustment				(9,621)	(5,756)					
Transfers and Other Adjustments	164,554	(39,983)								6,226
Total Governmental Activities	6,711,445	6,934,840	7,015,356	7,322,736	7,166,557	7,468,489	7,445,050	7,471,028	8,243,562	8,437,695
Business-Type Activities										
Transfer and Other Adjustments	(20,000)	(5,724)		(4,512)	5,816	73	52	59	55	75
Investment Earnings	356	29	37	22						
Total Business-Type Activities	(19,644)	(5,695)	37	(4,490)	5,816	73	52	59	55	75
Total District-Wide	\$ 6,691,801	6,929,145	7,015,393	7,318,246	7,172,373	7,468,562	7,445,102	7,471,087	8,243,617	8,437,770
Change in Net Position										
Governmental Activities	\$ 230,954	31,990	229,454	414,298	456,807	386,995	196,702	78,364	(55,071)	(27,061)
Business-Type Activities	(38,534)	(24,768)	(2,903)	(11,020)	179,881	51,790	6,902	1,732	5,210	12,633
Total District-Wide	\$ 192,420	7,222	226,551	403,278	636,688	438,785	203,604	80,096	(49,861)	(14,428)

Source: CAFR Schedule A-2

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund										
Restricted	\$ 164,431	\$ 71,776	\$ 211,780	\$ 482,484	\$ 599,216	\$ 567,091	\$	\$	\$	\$
Capital Reserve							28,603	28,828	29,053	79,278
Maintenance Reserve							100,000	200,000	200,000	300,000
Excess Surplus							164,137	170,920	173,713	174,948
Tuition Reserve							60,000	60,000	60,000	60,000
Committed to Encumbrances							39,677	140,086	9,686	2,986
Assigned:										
Excess surplus							165,076	164,137	170,920	173,713
Designated fro Subsequent Year's Expenditures							4,002	5,165	6,796	6,075
Unrestricted	112,640	112,690	9,026	(67,270)	(30,514)	(49,996)	(58,910)	(78,684)	(74,790)	(90,741)
Total General Fund	\$ 277,071	\$ 184,466	\$ 220,806	\$ 415,214	\$ 568,702	\$ 517,095	\$ 502,585	\$ 690,452	\$ 575,378	\$ 706,259
All Other Governmental Funds										
Restricted	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Unrestricted, Reported in:										
Special Revenue Fund	(787)	(787)	(1,650)	(1,650)	(1,650)	-	(1,650)	(1,650)	(1,650)	(1,650)
Capital Projects Fund	20,599	20,599							9,228	
Debt Service Fund	3,662	2,600	1,800	1,800			47	1,247	1,200	
Total All Other Governmental Funds	\$ 23,474	\$ 22,412	\$ 150	\$ 150	\$ (1,650)	\$ -	\$ (1,603)	\$ (403)	\$ 8,778	\$ (1,650)

Source: CAFR Schedule B-1

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
 (UNAUDITED)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax Levy	\$ 3,164,556	\$ 3,431,720	\$ 3,555,966	\$ 3,779,300	\$ 3,882,858	\$ 3,878,346	\$ 3,872,503	\$ 3,843,990	\$ 4,035,944	\$ 4,114,702
Transportation	38,393	40,802	53,884	32,689	32,079	57,450	54,703	61,094	63,780	72,348
Tuition Charges	53,807	18,255	35,147	63,569	41,050	44,729	21,204	21,622	34,319	36,696
Interest Earnings	16,826	15,733	4,540	2,255	3,090	2,930	3,075	4,094	4,339	4,704
Rental		15,000	36,200	31,231	32,448	33,096	33,758	51,600	52,632	57,446
Miscellaneous	25,543	29,763			9,247	15,618	2,848	40,161	7,310	2,151
State Sources	3,758,648	3,967,696	3,634,314	3,299,676	3,500,909	3,695,917	3,933,806	3,876,069	4,036,008	4,087,658
Federal Sources	269,784	217,380	226,875	729,889	237,189	349,692	197,131	230,347	201,702	240,105
Total Revenues	7,327,557	7,736,349	7,546,926	7,938,609	7,738,870	8,077,778	8,119,028	8,128,977	8,436,034	8,615,810
Expenditures										
Instruction										
Regular Instruction	1,563,390	1,629,796	1,607,999	1,714,229	1,613,172	1,877,092	1,690,606	1,824,169	1,727,278	1,854,515
Special Education Instruction	339,636	363,080	356,273	377,818	411,831	417,478	410,947	436,865	428,787	433,709
Other Instruction	155,123	187,018	147,793	132,971	143,205	159,360	152,740	155,522	176,572	174,724
Support Services										
Tuition	1,906,303	2,229,523	2,031,193	2,084,793	1,996,070	2,078,585	2,056,917	2,088,860	2,488,476	2,311,740
Student and Instruction Related Services	452,727	364,290	516,604	548,251	487,681	353,810	529,147	518,863	532,332	672,099
General Administrative Services	202,363	196,482	192,050	194,566	185,055	189,590	188,050	175,982	232,298	203,376
School Administrative Services	143,106	144,521	149,339	166,084	161,643	171,935	148,177	158,146	156,081	118,310
Central Services	136,596	114,946	123,709	128,008	121,797	119,188	124,949	122,633	121,471	120,401
Plant Operations and Maintenance	386,380	364,438	380,310	375,098	397,715	444,658	560,265	450,654	434,024	446,653
Pupil Transportation	415,119	435,180	373,230	368,968	334,941	348,789	377,295	390,306	419,370	415,328
Unallocated Employee Benefits	1,230,207	1,281,828	1,106,804	1,089,304	1,129,930	1,247,963	1,369,357	1,444,553	1,484,315	1,555,479
Capital Outlay	306,068	27,366	210,876	228,328	92,574	164,034	98,728	301,381	270,523	122,449
Debt Service										
Principal	360,000	375,000	390,000	415,000	440,000	450,000	460,000	60,000	65,000	70,000
Interest	132,019	116,548	100,426	83,653	65,812	46,903	26,313	6,600	5,400	2,800
Total Expenditures	7,729,037	7,830,016	7,686,606	7,907,071	7,581,426	8,069,385	8,193,491	8,134,534	8,541,927	8,501,583
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(401,480)	(93,667)	(139,680)	31,538	157,444	8,393	(74,463)	(5,557)	(105,893)	114,227
Other Financing Sources (Uses)										
Cancellation of Prior Year Receivable										
Transfer	20,000				(5,756)					
Capital Lease Proceeds								194,624		
Capital Leases (Non-Budgeted)	178,400		153,758	162,950						
Adjustment to State Aid										6,226
Total Other Financing Sources (Uses)	198,400		153,758	162,950	(5,756)			194,624		6,226
Net Change in Fund Balances	\$ (203,080)	\$ (93,667)	\$ 14,078	\$ 194,488	\$ 151,688	\$ 8,393	\$ (74,463)	\$ 189,067	\$ (105,893)	\$ 120,453
Debt Service as a Percentage of										
Noncapital Expenditures	6.4%	6.3%	6.4%	6.3%	6.7%	6.2%	5.9%	0.8%	0.8%	0.9%

Source: CAFR Schedule B-2

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Transportation	Sale of Assets	Rentals	Prior Year Adjustments	Utility Company Rebate	Misc.	Total
2016	\$ 4,704	\$ 36,696	\$ 72,348		\$ 57,446				
2015	4,339	34,319	63,780		52,632			2,151	\$ 173,345
2014	4,094	21,622	61,094		51,600	898		7,310	162,380
2013	3,075	21,204	54,703		33,758			39,263	178,571
2012	2,930	44,729	57,450		33,096	5,159		2,848	115,588
2011	3,090	41,050	32,079		32,448	977		10,459	153,823
2010	2,255	63,569	32,689		31,151			8,270	117,914
2009	4,540	35,147	53,884		36,200				129,664
2008	15,733	18,255	40,802	2,369	15,000				129,771
2007	16,826	57,836	38,393		13,000	1,109		27,394	119,553
								7,405	134,569

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Regular	Qfarm	Commercial	Industrial	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2016	\$ 8,817,800	\$ 212,154,800	\$ 83,088,100	\$ 11,006,800	\$ 23,411,100	\$ 1,480,000	\$ 339,958,600	\$ 899,152	\$ 340,857,752	\$ 1.213	\$ 315,272,744
2015	8,898,400	213,983,700	82,275,100	10,961,500	23,411,100	1,480,000	341,009,800	915,624	341,925,424	1.204	304,697,278
2014	9,150,100	214,662,600	80,934,000	10,962,200	22,776,100	1,480,000	339,965,000	1,088,069	341,053,069	1.184	300,386,187
2013	9,270,100	214,371,400	80,722,000	10,947,700	23,024,800	1,480,000	339,816,000	1,226,464	341,042,464	1.128	306,252,213
2012	9,833,300	216,939,700	80,071,200	10,940,100	22,961,800	1,480,000	342,226,100	1,354,299	343,580,399	1.128	329,316,878
2011	9,974,400	218,658,600	78,941,600	10,913,400	21,761,000	1,480,000	341,729,000	1,437,138	343,166,138	1.129	363,172,724
2010	12,001,800	221,694,700	76,886,200	10,887,500	21,861,000		343,331,200	1,725,480	345,056,680	1.120	358,641,421
2009	12,420,800	222,030,000	77,345,000	10,798,000	22,890,000		345,483,800	1,809,844	347,293,644	1.088	362,404,388
2008	13,606,900	212,031,600	84,964,000	10,849,900	21,970,000		343,422,400	1,564,914	344,987,314	1.004	324,799,697
2007	13,894,600	206,911,500	83,709,000	10,859,650	24,884,000		340,258,750	1,704,191	341,962,941	1.004	323,796,912

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

c Estimate

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

Year Ended June 30,	Upper Pittsgrove Township Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	From J-6 Total Direct School Tax Rate	Upper Pittsgrove Township	Salem County	
2016	\$ 1.192	\$ 0.021	\$ 1.213	\$ 0.173	\$ 1.015	\$ 2.401
2015	1.183	0.021	1.204	0.169	0.891	2.264
2014	1.163	0.021	1.184	0.169	0.834	2.187
2013	1.033	0.095	1.128	0.147	0.873	2.148
2012	1.032	0.096	1.128	0.118	0.912	2.158
2011	1.032	0.097	1.129	0.099	0.872	2.100
2010	1.031	0.089	1.120	0.091	0.923	2.134
2009	0.998	0.090	1.088	0.076	0.936	2.100
2008	0.943	0.089	1.032	0.083	0.882	1.997
2007	0.908	0.096	1.004	0.055	0.863	1.922

Source: District Records and Municipal Tax Collector

Note:

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

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

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

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Taxpayer	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Taxpayer #1	\$ 1,750,000	0.51%	\$ 2,000,000	0.58%
Third Garden Park Limited Partners	1,650,000	0.48%	2,000,000	0.58%
Atlantic City Electric Co	1,480,000	0.43%		
Taxpayer #2	1,200,000	0.35%	1,620,000	0.47%
NJ Bell Telephone Co.	1,200,000	0.35%		
Avis Volkswagen, Inc.	1,025,000	0.30%		
Larchmont Farms, Inc	925,000	0.27%	1,725,000	0.50%
Burris Post Acute Piscataway, LLC	910,000	0.27%		
NJ Bell Telephone Co.	899,152	0.26%		
D.W.A., LLC	875,000	0.26%		
Taxpayer #3			1,600,000	0.47%
Bell Atlantic- New Jersey, Inc			1,200,000	0.35%
Avis Garage Inc.			1,025,000	0.30%
Wawa Inc.			900,000	0.26%
Rooks Farm Supply Inc.			850,000	0.25%
Taxpayer #4			784,000	0.23%
Taxpayer #5			750,000	0.22%
Total	\$ 11,914,152	3.48%	\$ 14,454,000	4.21%

Source: District CAFR & Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2016	\$ 4,043,102	\$ 4,043,102	100%	\$
2015	3,965,591	3,965,591	100%	
2014	3,776,190	3,776,190	100%	
2013	3,872,503	3,872,503	100%	
2012	4,114,702	4,114,702	100%	
2011	3,882,858	3,882,858	100%	
2010	3,779,300	3,779,300	100%	
2009	3,555,966	3,555,966	100%	
2008	3,431,720	3,431,720	100%	
2007	3,164,556	3,164,556	100%	

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

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2016	\$ 0	\$ 127,190	\$	\$	\$ 127,190	0.09%	\$ 37
2015	70,000	210,912			280,912	0.19%	81
2014	135,000	291,532			426,532	0.29%	123
2013	195,000	161,187			356,187	0.25%	103
2012	655,000	210,912			865,912	0.61%	248
2011	1,105,000	301,542			1,406,542	0.99%	402
2010	1,545,000	380,133			1,925,133	1.33%	523
2009	1,960,000	122,931			2,082,931	1.48%	574
2008	2,350,000	154,962			2,504,962	1.83%	711
2007	2,725,000	182,328			2,907,328	2.24%	819

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

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

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

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

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			
2016	\$	\$	\$		\$ *
2015		70,000	70,000	0.02%	20
2014		135,000	135,000	4.00%	39
2013		195,000	195,000	0.06%	56
2012		655,000	655,000	0.20%	188
2011		1,105,000	1,105,000	0.30%	316
2010		1,545,000	1,545,000	0.45%	441
2009		1,960,000	1,960,000	0.56%	546
2008		2,350,000	2,350,000	0.68%	654
2007		2,725,000	2,725,000	0.80%	763

* Estimate

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

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

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

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2016
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u> ^a	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Upper Pittsgrove Township	\$ -	100%	\$ -
Salem County	40,394,432	6.29%	2,541,381
Other debt			
Subtotal, Overlapping Debt			<u>2,541,381</u>
Upper Pittsgrove Township School District Direct Debt		^b	-
Total Direct and Overlapping Debt			<u><u>\$ 2,541,381</u></u>

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

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

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

b Includes Capital Leases

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

Legal Debt Margin Calculation for Fiscal Year 2015

	Equalized Valuation Basis
2015	\$ 316,247,612
2014	300,951,075
2013	297,015,995
	[A] \$ 914,214,682
Average Equalized Valuation of Taxable Property	[A/3] \$ 304,738,227
Debt Limit (3% of Average Equalization Value)	[B] 9,142,147 ^a
Net Bonded School Debt	[C] -
Legal Debt Margin	[B-C] \$ 9,142,147

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Limit	\$ 8,240,751	\$ 6,331,177	\$ 9,887,914	\$ 10,328,012	\$ 10,365,246	\$ 10,096,895	\$ 6,361,536	\$ 9,331,696	\$ 9,052,822	\$ 9,142,147
Total Net Debt Applicable to Limit	2,725,000	2,350,000	1,960,000	1,545,000	1,105,000	655,000	195,000	135,000	70,000	-
Legal Debt Margin	\$ 5,515,751	\$ 3,981,177	\$ 7,927,914	\$ 8,783,012	\$ 9,260,246	\$ 9,441,895	\$ 6,166,536	\$ 9,196,696	\$ 8,982,822	\$ 9,142,147
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	33.1%	37.1%	19.8%	15.0%	10.7%	6.5%	3.1%	1.4%	0.8%	0.0%

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

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

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

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2016	** 3,457	\$ 151,119,966	\$ 43,711	5.50%
2015	3,423	148,142,306	43,279	6.30%
2014	3,436	149,562,676	42,850	6.50%
2013	3,455	142,560,210	41,262	7.70%
2012	3,486	142,288,062	40,817	4.50%
2011	3,495	142,658,910	40,818	4.40%
2010	3,500	138,110,000	39,460	4.60%
2009	3,590	139,345,850	38,815	4.40%
2008	3,595	139,816,740	38,892	2.50%
2007	3,572	130,770,920	36,610	1.90%

** Estimate

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

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

<u>Employer*</u>	<u>2016</u>		<u>2007</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
PSEG	1,300	2.54%		
El duPont	1,250	2.44%		
Mannington Mills	826	1.61%		
Memorial Hospital of Salem County	600	1.17%	NOT AVAILABLE	
Atlantic City Electric	426	0.83%		
RE Pierson Construction	400	0.78%		
Anchor Glass	361	0.70%		
McLane NJ	352	0.69%		
Elmer Hospital	350	0.68%		
Walmart	256	0.50%		
Berkowitz Glass	225	0.44%		
Siegfried (USA)	155	0.30%		
Ranch Hope	145	0.28%		
Wire-Pro Inc.	140	0.27%		
Home Care & Hospice Care of SJ	130	0.25%		
The Bank	130	0.25%		
Polyone	125	0.24%		
PSEG Nuclear Training	114	0.22%		
Cumberland Dairy	100	0.20%		
SJAP Naturalink	100	0.20%		
PE Kramme	80	0.16%		
SJ Transportation Co	80	0.16%		
Unico Services	77	0.15%		
Spark's Electric Inc.	75	0.15%		
First National Bank of Elmer	69	0.13%		
PG&E Generating	57	0.11%		
Franklin Savings Bank	55	0.11%		

Source: Salem County Economic Resource Guide

* Salem County

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	31.0	31.0	31.0	31.0	30.0	25.5	25.5	30	30	27
Special Education	10.5	9.0	9.0	9.0	6.0	13.0	12.0	6.0	5.0	6.0
Other Special Education	4.0	3.0	3.0	3.0	0.0					
Other Instruction										2.0
Support Services:										
Tuition										
Student & Instruction Related Services	12.0	11.0	11.0	11.0	9.0	7.2	7.3	11	10	9.0
General Administrative Services	4.0	4.0	4.0	4.0	4.0	3.6	3.6	3.6	3.6	3.0
School Administrative Services	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	2.0
Business Administrative Services								3		
Plant Operations and Maintenance	4.0	3.0	3.0	3.0	3.0	3.0	3.0	8.5	8.5	3.0
Pupil Transportation	12.0	8.5	8.5	8.0	8.0	8.0	8.0			2.0
Food Service	6.0									7.0
Total	84.0	70.0	70.0	69.5	60.5	60.9	60.0	62.7	57.7	61.0

Source: District Personnel Records

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2016	338	\$ 8,306,334	\$ 24,575	0.10	33.0	8:7:1	11:4:1	354.0	329.3	-0.924%	93.02%
2015	367	8,201,004	22,346	0.14	35.0	8.5:1	6.5:1	357.3	333.9	1.853%	93.45%
2014	373	7,766,553	20,822	0.06	36.0	8.6:1	6.5:1	350.8	335.4	-3.890%	95.61%
2013	388	7,608,450	19,609	0.00	37.5	9.5 : 1	7.5 : 1	365.0	354.2	10.539%	97.04%
2012	379	7,408,448	19,547	0.08	38.5	9.72 : 1	9.71 : 1	330.2	315.6	-12.738%	95.58%
2011	383	6,920,489	18,069	0.04	37	6.3 : 1	4 : 1	378.4	361.2	-3.247%	95.45%
2010	415	7,180,090	17,301	(0.02)	43	11.6 : 1	10.4 : 1	391.1	373.1	0.205%	95.40%
2009	395	6,985,304	17,684	(0.08)	43	11 : 1	10 : 1	390.3	374.0	1.193%	95.82%
2008	381	7,311,102	19,189	0.15	39	11 : 1	9 : 1	385.7	368.7	-6.903%	95.59%
2007	415	6,930,950	16,701	0.08	36	10 : 1	11 : 1	414.3	403.0	-0.671%	97.27%

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

Note: Enrollment based on annual October district count.

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>District Building</u>										
<u>Elementary</u>										
Square Feet	64,828	64,828	64,828	64,828	64,828	64,828	64,828	64,828	64,828	64,828
Capacity (students)	375	375	375	375	375	375	375	375	375	375
Enrollment	415	381	395	415	383	379	388	373	367	338

Number of Schools at June 30, 2016
 Elementary = 1

Source: District records, ASSA

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITY
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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Upper Pittsgrove Township School	64,828	\$ 55,093	\$ 48,103	\$ 37,282	\$ 43,219	\$ 42,917	\$ 24,775	\$ 25,061	\$ 26,414	\$ 32,053	\$ 29,683
Total School Facilities		55,093	48,103	37,282	43,219	42,917	24,775	25,061	26,414	32,053	29,683
Other Facilities											
Grand Total		\$ 55,093	\$ 48,103	\$ 37,282	\$ 43,219	\$ 42,917	\$ 24,775	\$ 25,061	\$ 26,414	\$ 32,053	\$ 29,683

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Company	Type of Coverage	Coverage	Deductible
NJ School Board Assoc Insurance Group	Property Blanket Building & Contents	\$ 17,376,362	\$ 5,000
	Commercial Inland Marine Blanket Hardware and Software	520,000	1,000
	Commercial General Liability		
	Products Completed Operations Aggregate Limit	6,000,000	1,000
	Personal and Advertising Injury Limit	6,000,000	
	Bodily Injury & Property Damage	6,000,000	
	Boiler and Machinery Section		
	Limit per Accident for Property Damage and Business Income	100,000,000	5,000
	Commercial Crime Section		
	Employee Dishonesty Coverage	100,000	1,000
	Commercial Automobile/General Liability		
	Combined Single Limit	6,000,000	1,000
	Board of Education Legal Liability		
	Aggregate for Each Annual Policy Year	6,000,000	
Insured Retained Limit (each loss)	5,000		
Workmen's' Compensation			
Bodily Injury - Each Accident/Disease	2,000,000		
Bodily Injury - Each Employee	2,000,000		
Maximum Coverage	2,000,000		
Student Accident Policies			
Markel Insurance Co.	Catastrophic Medical Expense - Max Benefit Amount	5,000,000	25,000
	Catastrophic Cash Benefit - Max Benefit Amount	500,000	
Berkley Insurance Co.	Compulsory - Maximum Benefit Amount		
Ohio Casualty Insurance Company	Surety Bonds		
	Treasurer	185,000	
	Business Administrator	35,000	

Source: District Records

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Upper Pittsgrove Township School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Board of Education of the Upper Pittsgrove Township's basic financial statements and have issued our report thereon dated October 27, 2016. 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 the audit requirements as prescribed by the Office of School Finance, Department of Education, and State of New Jersey.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Upper Pittsgrove Township Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance 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 and are described in the accompanying schedule of findings and questioned costs as items labeled finding 2016-1.

Upper Pittsgrove Township Board of Education's Response to Findings

Upper Pittsgrove Township Board of Education's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Their response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, the Upper Pittsgrove Township Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. 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
October 27, 2016

NIGHTLINGER, COLAVITA & VOLPA

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE
OF EXPENDITURES REQUIRED BY THE UNIFORM ADMINISTRATIVE REQUIREMENTS,
COST PRINCIPLES AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS
(UNIFORM GUIDANCE) AND NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Upper Pittsgrove Township School District, in the County of Salem, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Upper Pittsgrove Township School District's major federal and state programs for the fiscal year ended June 30, 2016. The Upper Pittsgrove Township Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Upper Pittsgrove Township Board of Education's major federal and state compliance based on our audit of the types of compliance requirements referred above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and as prescribed by the Office of School Finance, *Department of Education, State of New Jersey, Uniform Guidance* and New Jersey OMB 15-08. Those standards, Uniform Guidance and New Jersey OMB 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Upper Pittsgrove Township Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Upper Pittsgrove Township Board of Education's compliance with those requirements.

Opinion on Each Major Program

In our opinion, the Board of Education of the Upper Pittsgrove Township School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Upper Pittsgrove Township School District's Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to major federal and state programs. In planning and performing our audit, we considered Upper Pittsgrove Township Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance in accordance with Uniform Guidance and New Jersey OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Upper Pittsgrove Township School District Board of Education's internal control over compliance.

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

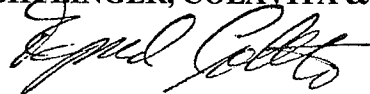
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above or any instance of deficiency in internal control over compliance that we have to report to the Board of Education in a separate report entitled *Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance* dated October 27, 2016. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance and New Jersey OMB 15-08.

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
October 27, 2016

TOWNSHIP OF UPPER PITTSBORO SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2015		Carryover/ (Waiver) Amount	Cash Received	Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures	Adjstmt	Balance at June 30, 2016			
					From	To	(Accounts Receivable)	Unearned Revenue							(Accounts Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education																		
Passed-through State Department of Education:																		
Special Revenue Fund:																		
Title I, Part A	84.010A	S010A150030	NCLB532016	\$ 83,192	7/1/15	6/30/16				\$44,361	(\$83,192)		(\$83,192)					
Title I, Part A	84.010A	S010A150030	NCLB532015	50,074	7/1/14	6/30/15	(\$24,159)			24,159							(\$38,831)	
Title II, Part A	84.367A	S367A150029	NCLB532016	7,504	7/1/15	6/30/16				3,990	(7,504)		(7,504)				(3,514)	
Title II, Part A	84.367A	S367A150029	NCLB532015	7,389	7/1/14	6/30/15	(3,366)			3,366								
I.D.E.A. Part B, Basic Regular	84.027	H027A150100	IDEA532016	105,429	7/1/15	6/30/16				105,429	(105,429)		(105,429)					
I.D.E.A. Part B, Pre-School	84.173	H173A150114	IDEA532016	3,582	7/1/15	6/30/16				3,582	(3,582)		(3,582)					
REAP	84.358A	S358A143592	REAP532016	31,232	7/1/15	6/30/16				7,490	(31,232)		(31,232)				(23,742)	
Total Special Revenue Fund											192,377	(230,939)		(230,939)			(66,087)	
U.S. Department of Agriculture																		
Passed-through State Department of Education:																		
Enterprise Fund:																		
Food Distribution Program	10.555	16161NJ304N1099	N/A	12,678	7/1/15	6/30/16				12,678	(10,428)		(10,428)				\$2,250	
Food Distribution Program	10.555	16161NJ304N1099	N/A	11,423	7/1/14	9/30/15					(1,218)		(1,218)					
National School Lunch Program	10.555	16161NJ304N1099	N/A	36,984	7/1/15	6/30/16			1,218	35,161	(36,984)		(36,984)				(1,823)	
National School Lunch Program	10.555	16161NJ304N1099	N/A	41,189	7/1/14	9/30/15	(2,703)			2,703								
School Breakfast Program	10.553	16161NJ304N1099	N/A	12,802	7/1/15	6/30/16				11,954	(12,802)		(12,802)				(848)	
School Breakfast Program	10.553	16161NJ304N1099	N/A	12,148	7/1/14	9/30/15	(1,013)			1,013								
Total Enterprise Fund											63,509	(61,432)		(61,432)			(2,671)	2,250
Total Federal Financial Awards											\$255,886	(\$292,371)		(\$292,371)			(\$68,758)	\$2,250

See accompanying notes to schedules of financial assistance

These funds were not audited in accordance with the Uniform Guidance since the total of all grant expenditures did not exceed \$750,000.

TOWNSHIP OF UPPER PITTSBORO SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2015			Balances at June 30, 2016			MEMO			
			From	To	Unearned Revenue (Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	Adjustment	(Accounts Receivable)	Unearned Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education														
General Fund:														
Equalization Aid	16-495-034-5120-078	\$2,602,252	7/1/15	6/30/16										
Equalization Aid	15-495-034-5120-078	2,602,252	7/1/14	6/30/15	(\$248,461)		\$2,344,996	(\$2,602,252)		(\$257,256)		*	\$257,256	\$ 2,602,252
Special Education Categorical Aid	16-495-034-5120-089	300,139	7/1/15	6/30/16			248,461							
Special Education Categorical Aid	15-495-034-5120-089	300,139	7/1/14	6/30/15	(28,657)		270,467	(300,139)		(29,672)		*	29,672	300,139
Transportation Aid	16-495-034-5120-014	316,928	7/1/15	6/30/16			285,597	(316,928)		(31,331)		*	31,331	316,928
Transportation Aid	15-495-034-5120-014	316,928	7/1/14	6/30/15	(30,260)		30,260							
Security Aid	16-495-034-5120-084	55,469	7/1/15	6/30/16			49,985	(55,469)		(5,484)		*	5,484	55,469
Security Aid	15-495-034-5120-084	55,469	7/1/14	6/30/15	(5,296)		5,296							
School Choice	16-495-034-5120-068	179,564	7/1/15	6/30/16			161,812	(179,564)		(17,752)		*	17,752	179,564
School Choice	15-495-034-5120-068	142,835	7/1/14	6/30/15	(13,638)		13,638							
Under Adequacy Aid	16-495-034-5120-096	37,291	7/1/15	6/30/16			33,604	(37,291)		(3,687)		*	3,687	37,291
Under Adequacy Aid	15-495-034-5120-096	37,291	7/1/14	6/30/15	(3,561)		3,561							
PARCC Readiness Aid	16-495-034-5120-098	5,200	7/1/15	6/30/16			4,686	(5,200)		(514)		*	514	5,200
PARCC Readiness Aid	15-495-034-5120-098	5,200	7/1/14	6/30/15	(496)		496							
Per Pupil Growth Aid	16-495-034-5120-097	5,200	7/1/15	6/30/16			4,686	(5,200)		(514)		*		5,200
Per Pupil Growth Aid	15-495-034-5120-097	5,200	7/1/14	6/30/15	(496)		496							
Nonpublic Transportation Aid	15-495-034-5120-014	1,650	7/1/14	6/30/15	(6,075)		6,075							
Nonpublic Transportation Aid	16-495-034-5120-014	5,469	7/1/15	6/30/16				(5,469)		(5,469)		*		5,469
Reimbursed TPAF Social Security Contrib.	16-495-034-5094-003	176,138	7/1/15	6/30/16			175,321	(176,138)		(817)		*		176,138
Reimbursed TPAF Social Security Contrib.	15-495-034-5094-003	172,002	7/1/14	6/30/15	(362)		362					*		
Total General Fund					(337,302)		3,668,456	(3,683,650)		(352,496)			345,696	3,683,650
Capital Project Fund:														
NJSDA Grant	5320-070-14-G2NT	187,500	5/23/15	- Closing	(68,774)		75,000		(\$6,226)			*		187,500
Total Capital Project Fund					(68,774)		75,000		(6,226)					187,500
Special Revenue Fund:														
Preschool Education Aid	16-495-034-5120-086	16,500	7/1/15	6/30/16			14,850	(16,500)		(1,650)		*	1,650	16,500
Preschool Education Aid	15-495-034-5120-086	16,500	7/1/14	6/30/15	(1,650)		1,650							
Total Special Revenue Fund					(1,650)		16,500	(16,500)		(1,650)			1,650	16,500
State Department of Agriculture														
Enterprise Fund:														
State School Lunch Program	16-100-010-3350-023	1,104	7/1/15	6/30/16			1,052	(1,104)		(52)		*		1,104
State School Lunch Program	15-100-010-3350-023	1,214	7/1/14	6/30/15	(112)		112							
Total Enterprise Fund					(112)		1,164	(1,104)		(52)				1,104
Total State Financial Assistance Subject to OMB 15-08					\$ (407,838)		\$ 3,761,120	\$ (3,701,254)	\$ (6,226)	\$ (354,198)			\$ 347,346	\$ 3,888,754
State Financial Assistance Not Subject to OMB 15-08														
On Behalf TPAF Pension Contribution	16-495-034-5094-006	183,890	7/1/15	6/30/16			\$ 183,890	\$ (183,890)						
On Behalf TPAF Post Retire Med'l. Contrib	16-495-034-5094-001	218,963	7/1/15	6/30/16			218,963	(218,963)						
Total State Financial Assistance							\$ 4,163,973	\$ (4,104,107)						

See accompanying notes to schedules of financial assistance

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2016

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Upper Pittsgrove Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies are included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200- *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$15,345 for the general fund and \$9,166 for the special revenue fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE

JUNE 30, 2016

(Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 4,071,158	\$ 4,071,158
Special Revenue Fund	240,105	16,500	256,605
Food Service Fund	<u>61,432</u>	<u>1,104</u>	<u>62,536</u>
Total Financial Assistance	\$ <u>301,537</u>	\$ <u>4,088,762</u>	\$ <u>4,390,299</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

The District did not have any outstanding loans.

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions, if any, represents the amount paid by the state on behalf of the District for the year ended June 30, 2016. 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, 2016.

NOTE 7: SCHOOLWIDE PROGRAM FUNDS

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

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness (es) identified? _____ yes X no
- 2) Significant deficiencies identified? _____ yes X none reported

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

Federal Awards N/A

Internal control over major programs:

- 1) Material weakness (es) identified? _____ yes _____ no
- 2) Significant deficiencies identified? _____ yes _____ none reported

Type of auditor's report issued on compliance for major programs: **N/A**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section .516(a) of Uniform Guidance? _____ yes _____ no

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
-----------------------	-----------------------	---

No Major Programs

Dollar threshold used to distinguish between type A and type B programs (section .518): **N/A**

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

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)**

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

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08 as applicable yes X no

Identification of major programs:

GMIS Number(s)

Name of State Program

16-495-034-5120-078	Equalization Aid
16-495-034-5120-089	Special Education Categorical Aid
16-495-034-5120-084	Security Aid
16-495-034-5120-068	School Choice Aid
16-495-034-5120-096	Under Adequacy Aid
16-495-034-5120-098	PARCC Readiness Aid
16-495-034-5120-097	Per Pupil Growth Aid
16-495-034-5120-014	Transportation Aid

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weakness, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards and with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey that requires reporting in the Uniform Guidance, New Jersey OMB Circular 15-08 audit.

Finding: 2016-1 (AMR Finding 2016-1)

Criteria or specific requirement:

The New Jersey Department of Agriculture requires a School Food Authority to maintain a nonprofit School Food Service. The nonprofit status of the School Food Service is determined by evaluating net cash resources, which may not exceed three months average expenditures.

Condition:

Net cash resources in the Food Service Fund exceeded three months average expenditures.

Context:

Utilizing the USDA net cash resource calculation form, it was determined the District's net cash resources exceeded three months average expenditures by \$28,037, as of June 30, 2016.

Effect:

The New Jersey Department of Agriculture requirements were not fully met.

Cause:

Inadvertent oversight.

Recommendation:

The District should implement a corrective action plan to effectively reduce the net cash resources on hand in the Food Service Fund through capital expenditure or otherwise.

Management's response:

Management is aware of the necessary procedures to be updated and followed.

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)

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

This section identifies the audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Guidance Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB Circular Letter 15-08, as applicable, for State Financial Assistance.

FEDERAL AWARDS

NONE

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Effect:

Cause:

Recommendation:

Management's response:

STATE AWARDS

NONE

Information on the state program:

Finding:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016**

This section identifies the status of prior - year findings related to the basic financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, US OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* section .511(a) (b) and New Jersey OMB's Circular 04-04 and/or 15-08, as applicable.

STATUS OF PRIOR - YEAR FINDINGS

Finding: 2015-1

Condition: The reimbursement to the State for the amount of the expenditure charged to the current year's Final Reports for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made subsequent to the 90 days required by N.J.S.A. 18A:66-90. Accordingly, the expenditure was not in accordance with State law (90 days).

Current Status: Resolved.

Finding: 2015-2

Condition: Net cash resources in the Food Service Fund exceeded three months average expenditures.

Current Status: Unresolved, see Finding 2016-1.