

**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, 2018

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

Upper Pittsgrove Township Board of Education

Monroeville, New Jersey

For the Fiscal Year Ended June 30, 2018

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, 2018**

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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

January 30, 2019

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, 2018 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 2017-2018 fiscal year with an enrollment of 453 including 126 high school students, which is twelve (12) less students than the previous year's enrollment and includes 327 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>
2017-18	453	(2.58%)
2016-17	465	(5.87%)
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%

* 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 an 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;

- Stem Labs are using new materials
- 5th grade was restructured and taken out of the Middle School setting
- New Science Curriculum is being implemented
- New Math series being used
- New Social Studies Curriculum
- Professional Development done with Quad Districts
- Invested in Music program
- I-Ready Math and Language Arts and Literature diagnostics being used
- Continuing to build numbers of chromebooks and replace old ones
- Renovation to science lab

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, 2018.

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,

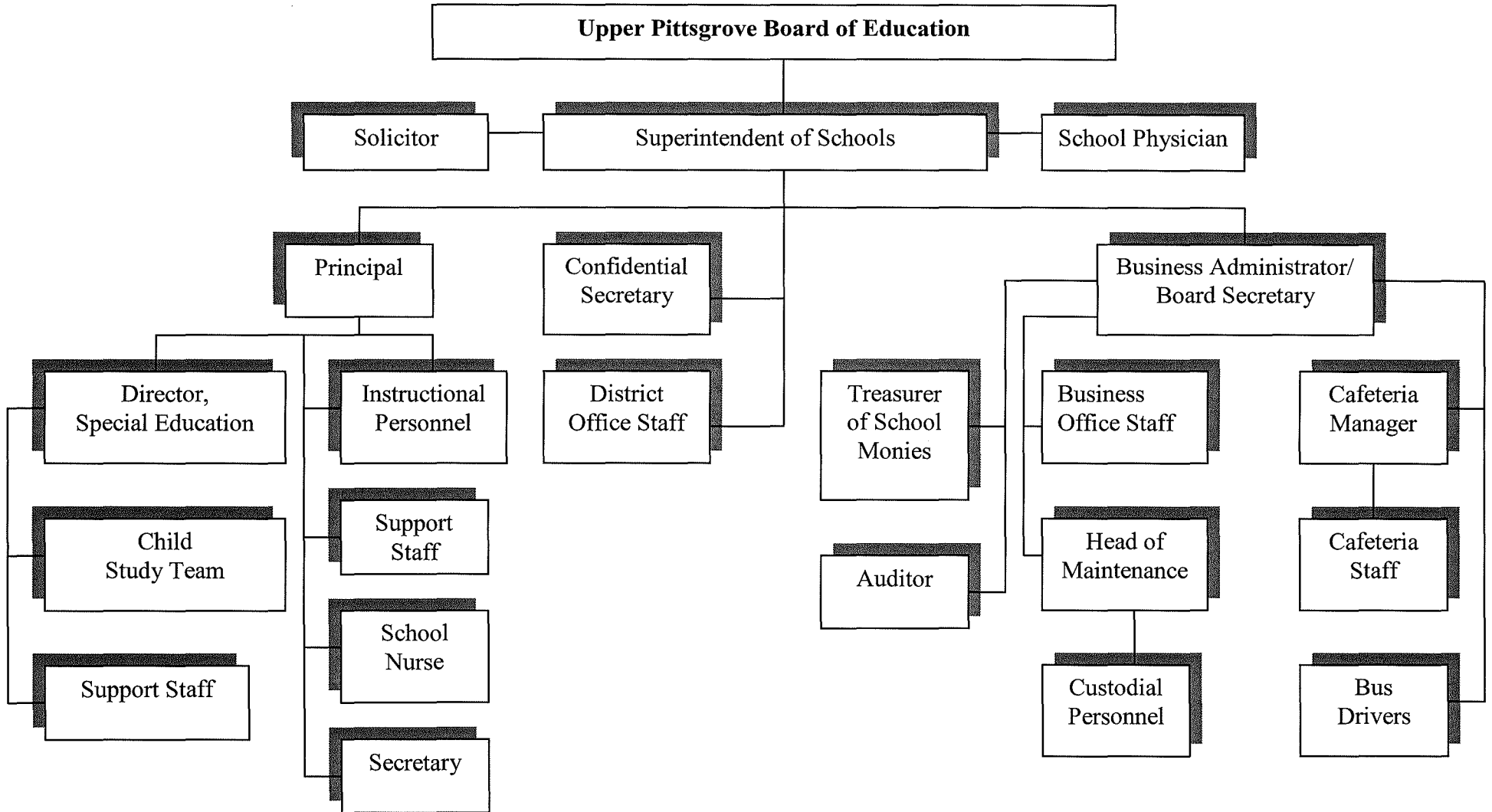


Scott Eckstein
Superintendent



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, 2018

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Veronica Merriel, President	2019
Polly B. Deal, Vice President	2021
Valerie Hill	2020
Dan Bellisario	2020
Jessica Bishop	2019
Ryan Caltabiano	2020
Michael Kinney	2020
Michael Reed	2019
Brian Wirth	2018
 <u>OTHER OFFICIALS</u>	
Scott Eckstein, Superintendent	
Lisa M. DiNovi, Business Administrator / Board Secretary	\$35,000
Georgiana Scharnagl, 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, PSA, 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
40 Lake Center Executive Park
401 Route 73 North, Suite 300
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

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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, 2018, 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, 2018, 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, budgetary comparison information and schedules related to accounting and reporting for pensions 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 School 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 accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations Part 200, 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 also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards and state financial assistance 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 and the schedule of expenditures of federal awards and state financial assistance are 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 January 30, 2019 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 effectiveness of the Upper Pittsgrove Township Board of Education's of 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
January 30, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**Upper Pittsgrove Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(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, 2018. Comparative information between the current year (2017-18) and the prior year (2016-17) 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 2018 are as follows:

- Total Net Position decreased by \$280,254 attributable to various operating results and adjustments.

- General revenues accounted for \$9,274,812 in revenue or 89% 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 \$1,173,828 or 11% percent of the total revenues of \$10,448,640.
- Net Position of governmental activities decreased by \$254,385, comprised of changes in various assets and liabilities. The net position of the Business-type Activities decreased by \$25,869.
- The School District had \$10,728,894 in total expenses, of which \$1,173,828 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$9,274,812 were adequate to provide for these programs.
- The General Fund had \$8,732,737 in revenues, \$8,787,655 in expenditures. The General Fund's balance decreased by \$124,918 over 2017. This decrease was anticipated by the Board of Education, as \$310,417 in surplus was utilized to offset the 2017-18 budget.

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 22. 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 2018 and 2017.

Table 1
Net Position

	2018	2017
Assets		
Current and Other Assets	\$ 1,135,749	\$ 1,211,940
Capital Assets, Net	3,112,729	3,233,404
Total Assets	<u>4,248,478</u>	<u>4,445,344</u>
Deferred Outflows of Resources	<u>543,749</u>	<u>825,446</u>
Liabilities		
Long-term Liabilities	182,042	201,148
Net Pension Liability	1,651,487	2,360,607
Other Liabilities	95,170	32,337
Total Liabilities	<u>1,928,699</u>	<u>2,594,092</u>
Deferred Inflow of Resources	<u>560,910</u>	<u>93,826</u>
Net Position		
Invested in Capital Assets, Net of Debt	3,112,729	3,172,977
Restricted	922,895	1,109,908
Unrestricted (Deficit)	(1,733,006)	(1,700,013)
Total Net Position	<u>\$ 2,302,618</u>	<u>\$ 2,582,872</u>

Table 2 shows the changes in net position from fiscal years 2018 and 2017.

Table 2
Changes in Net Position

	2018	2017
Revenues		
Programs Revenues		
Charges for Services	\$ 91,919	\$ 117,656
Operating Grants and Contributions	1,081,909	947,458
General Revenues		
Property Taxes	4,207,026	4,135,902
Federal and State Aid-Not Restricted	4,890,707	4,644,364
Other	177,079	138,297
Total Revenues	<u>10,448,640</u>	<u>9,983,677</u>
Program Expenses		
Instruction	2,649,730	2,482,522
Tuition	2,481,660	2,114,386
Administrative Services	407,149	408,124
Other Support Services	1,576,584	1,459,697
Health Benefits	3,202,470	2,931,375
Interest on Long-Term Debt	8,635	10,013
Other	230,885	210,396
Enterprise	171,281	214,337
Total Expenses	<u>10,728,394</u>	<u>9,830,850</u>
Increase in Net Position	<u>\$ (279,754)</u>	<u>\$ 152,827</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. The District's Property taxes made up 45.4% percent of these revenues for governmental activities. Unrestricted federal, state and local grants accounted for another 52.7% and miscellaneous revenues accounted for the remaining 1.9%. The total cost of services, as shown below, was \$10,728,394. The net cost of all governmental programs and services, which excludes charges for services, operating grants and the enterprise fund was \$9,554,566. Instruction comprises 26.3% 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 2018</u>	<u>Net Cost of Services 2018</u>	<u>Total Cost of Services 2017</u>	<u>Net Cost of Services 2017</u>
Instruction	\$ 2,649,730	\$ 2,515,719	\$ 2,482,522	\$ 2,365,891
Tuition	2,481,660	2,481,660	2,114,386	2,114,386
Pupil and Instructional Staff	671,434	567,310	671,537	568,208
General Administration, School Administration, Business	407,149	407,149	408,124	408,124
Operation and Maintenance of Facilities	447,736	447,736	347,864	347,864
Pupil Transportation	457,414	457,414	440,296	440,296
Employee Benefits	3,202,470	2,412,645	2,931,375	2,268,792
Enterprise Fund	171,281	25,413	214,337	
Interest	8,635	8,635	10,013	10,013
Other	230,885	230,885	210,396	210,396
Total Expenses	<u>\$ 10,728,394</u>	<u>\$ 9,554,566</u>	<u>\$ 9,830,850</u>	<u>\$ 8,733,970</u>

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

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

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

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

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

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

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

Business-Type Activities

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

- Food Service expenses exceeded revenues by \$16,868, along with \$9,045 in the School Care Program.
- Charges for services represent \$91,919 of revenue as compared to \$117,656 in 2017. This represents amount paid by patrons for daily food services activities of \$67,837 and school care revenue of \$24,082. There was also \$44 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 \$53,949 as compared to \$64,915 in 2017.

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 \$8,991,933, expenditures of \$9,106,682. The net change in fund balance for the year was \$(114,749). The District was able to meet current operating costs, through the use of surplus.

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, 2018, and the amount and percentage of increases and decreases in relation to prior year revenues.

The increase in Local sources is attributed to increases in the governmental fund local tax levy of \$71,124, transportation of \$22,683 and other revenue of \$45,645, offset by a decrease of \$2,427 in tuition.

The increase in State sources is attributed to additional general state aid and debt service aid of \$134,822.

The increase in Federal sources of \$21,426 is due to increases in various grants. In addition, the 2018 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, 2018 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 2017)</u>	<u>Percent Increase/ (Decrease)</u>
Current:				
Instruction	\$ 2,515,719	27.63%	\$ 149,828	6.33%
Tuition	2,481,660	27.25%	367,274	17.37%
Support Services	3,642,160	39.99%	210,795	6.14%
Capital Outlay	207,947	2.28%	86,325	70.98%
Special Revenues	259,196	2.85%	21,426	9.01%
Total	<u>\$ 9,106,682</u>	<u>100.00%</u>	<u>\$ 835,648</u>	<u>10.10%</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 increase of \$210,795 in undistributed support services was due to \$99,872 in plant operation and maintenance, transportation costs of \$17,118 and employee benefits of \$95,678, offset by decreases of \$975 in administrative services and \$898 in student related costs.

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

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

There were no debt service costs in fiscal years 2016/17 or 2017/18.

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 2018, 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 \$310,417 in surplus appropriated, would roughly equal expenditures, the actual results for the year show a decrease of \$129,924 as shown on Exhibit C-1.

- Actual revenues were \$120,877 more than expected due to the increased state aid of \$40,966 and miscellaneous income of \$79,911, excluding on-behalf pension and social security reimbursements of \$769,160.
- Actual expenditures were \$137,484 less than expected. This also excludes state on-behalf pension and social security reimbursements of \$769,160.

Capital Assets

At the end of the fiscal year 2018, the Governmental Funds of the School District had \$3,104,739 and the Enterprise Fund had \$7,990 (net of accumulated depreciation) invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal year 2018.

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

	<u>2018</u>
Land	\$ 781,429
Site Improvements	29,295
Building and Improvements	1,905,605
Transportation Vehicles	320,721
Machinery and Equipment	75,679
Totals	<u>\$ 3,112,729</u>

Overall capital assets decreased by \$120,675 from fiscal year 2017 to fiscal year 2018. There were acquisitions of \$138,046. This was offset by adjustments/retirements of \$27,081 and depreciation expense of \$231,640 for the year.

Long-Term Debt

At June 30, 2018, the School District had \$182,042 in outstanding debt, representing compensated absences.

At June 30, 2018, the School District's overall legal debt margin was \$9,412,413, 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, 2018

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
ASSETS			
Cash and Cash Equivalents	\$ 939,778	\$ 26,158	\$ 965,936
Accounts Receivable			
State and Federal	40,986	2,014	43,000
Other	92,728	3,007	95,735
Interfund	314		314
Inventory		1,986	1,986
Restricted Assets			
Capital Reserve Cash	29,278		29,278
Capital Assets, Net (Note 7):	3,104,739	7,990	3,112,729
Total Assets	<u>4,207,823</u>	<u>41,155</u>	<u>4,248,978</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Pension Outflows	<u>543,749</u>		<u>543,749</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	69,179	7,006	76,185
Unearned Revenue	16,419	2,566	18,985
Net Pension Liability	1,651,487		1,651,487
Non-current Liabilities:			
Due within One Year	10,068		10,068
Due beyond One Year	171,974		171,974
Total Liabilities	<u>1,919,127</u>	<u>9,572</u>	<u>1,928,699</u>
DEFERRED INFLOW OF RESOURCES:			
Deferred Pension Inflows	<u>560,910</u>		<u>560,910</u>
NET POSITION			
Invested in Capital Assets, Net of Related Dep Restricted	3,104,739	7,990	3,112,729
Unrestricted (Deficit)	922,895		922,895
	(1,756,099)	23,593	(1,732,506)
Total Net Position	<u>\$ 2,271,535</u>	<u>\$ 31,583</u>	<u>\$ 2,303,118</u>

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 1,888,431		\$ 134,011	\$ (1,754,420)		\$ (1,754,420)
Special Education	569,880			(569,880)		(569,880)
Other Instruction	191,419			(191,419)		(191,419)
Support Services:						
Tuition	2,481,660			(2,481,660)		(2,481,660)
Student & Instruction Related Services	671,434		104,124	(567,310)		(567,310)
General Administrative Services	150,684			(150,684)		(150,684)
School Administrative Services	120,001			(120,001)		(120,001)
Central Services	118,964			(118,964)		(118,964)
Admin. Info. Technology	17,500			(17,500)		(17,500)
Plant Operations & Maintenance	447,736			(447,736)		(447,736)
Student Transportation	457,414			(457,414)		(457,414)
Unallocated Employee Benefits	3,202,470		789,825	(2,412,645)		(2,412,645)
Unallocated Depreciation Expense	230,885			(230,885)		(230,885)
Interest on Long Term Debt	8,635			(8,635)		(8,635)
Total Governmental Activities	10,557,113		1,027,960	(9,529,153)		(9,529,153)
Business-type Activities:						
Food Service	138,654	67,837	53,949		(16,868)	(16,868)
School Care	32,627	24,082			(8,545)	(8,545)
Total Business-type Activities	171,281	91,919	53,949		(25,413)	(25,413)
Total Primary Government	\$ 10,728,394	\$ 91,919	\$ 1,081,909	(9,529,153)	(25,413)	(9,554,566)
General Revenues:						
Local Tax Levy						
General Purpose				4,207,026		4,207,026
Unrestricted Aid Federal and State				4,890,707		4,890,707
Interest				5,035		5,035
Tuition Revenue				21,895		21,895
Transportation Revenue				73,794		73,794
Rental				53,685		53,685
Fixed Asset Adjustment				(27,081)		(27,081)
Miscellaneous				49,707	44	49,751
Total General Revenues and Transfers				9,274,768	44	9,274,812
Change in Net Position				(254,385)	(25,369)	(279,754)
Net Position—Beginning				2,525,920	56,952	2,582,872
Net Position—Ending				\$ 2,271,535	\$ 31,583	\$ 2,303,118

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, 2018

	<u>GENERAL</u> <u>FUND</u>	<u>SPECIAL</u> <u>REVENUE</u> <u>FUND</u>	<u>CAPITAL</u> <u>PROJECTS</u> <u>FUND</u>	<u>DEBT</u> <u>SERVICE</u> <u>FUND</u>	<u>TOTAL</u>
ASSETS					
Cash and Cash Equivalents	\$ 799,855	\$ 19,073	\$ 48,050	72,800	\$ 939,778
Cash Capital Reserve	29,278				29,278
Accounts Receivable					
State	40,986				40,986
Federal					
Interfund	314	597			911
Other	92,728				92,728
Total Assets	<u>\$ 963,161</u>	<u>\$ 19,670</u>	<u>\$ 48,050</u>	<u>72,800</u>	<u>\$ 1,103,681</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable	\$ 10,447	\$ 20,851	\$ 37,881		\$ 69,179
Unearned Revenue	15,950	469			16,419
Interfund Payable	597				597
Total Liabilities	<u>26,994</u>	<u>21,320</u>	<u>37,881</u>		<u>86,195</u>
Fund Balance:					
Restricted for:					
Capital Reserve	89,728				89,728
Capital Reserve Designated for Subsequent Year's Expendit	170,000				170,000
Maintenance Reserve	300,225				300,225
Tuition Reserve	100,000				100,000
Tuition Reserve Designated for Subsequent Year's Expendit	100,000				100,000
Excess Surplus	78,466				78,466
Excess Surplus - Designated for Subsequent Year's Expendi	74,307				74,307
Committed to:					
Year-End Encumbrances	38,459				38,459
Assigned:					
Designated for Subsequent Year's Expenditures	36,367				36,367
Unassigned, Reported In:					
General Fund - (Deficit)	(51,385)				(51,385)
Special Revenue Fund - (Deficit)		(1,650)			(1,650)
Capital Projects Fund			10,169		10,169
Debt Service				72,800	72,800
Total Fund Balance	<u>936,167</u>	<u>(1,650)</u>	<u>10,169</u>	<u>72,800</u>	<u>1,017,486</u>
Total Liabilities and Fund Balance	<u>\$ 963,161</u>	<u>\$ 19,670</u>	<u>\$ 48,050</u>	<u>72,800</u>	

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 \$9,174,635 and the accumulated depreciation of \$6,069,896 (Note 5).	3,104,739
Deferred Outflow of Resources - Deferred Pension Contribution.	543,749
Deferred Inflows of Resources - Pension Actuarial Gains.	(560,910)
Deferred Inflows of Resources - Employer Pension period and therefore are not reported as liabilities in the funds.	
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).	(182,042)
Pension Expense recognized for GAAP but not for budgetary purposes.	(1,651,487)

Net Position of Governmental Activities	<u>\$ 2,271,535</u>
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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, 2018

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL</u>
REVENUES					
Local sources:					
Local Tax Levy	\$ 4,207,026	\$	\$	\$	\$ 4,207,026
Tuition - Preschool	21,895				21,895
Transportation	73,794				73,794
Interest on Investments	4,585				4,585
Interest on Investments - Capital Reserve	225				225
Interest on Investments - Maintenance Reserv	225				225
Rental	53,685				53,685
Miscellaneous	49,707				49,707
Total Local Sources	4,411,142				4,411,142
State Sources	4,321,595	16,500			4,338,095
Federal Sources		242,696			242,696
Total Revenues	8,732,737	259,196			8,991,933
EXPENDITURES					
Regular Instruction	1,754,420	134,011			1,888,431
Special Education	569,880				569,880
Other Instruction	191,419				191,419
Support Services and Undistributed Costs:					
Tuition	2,481,660				2,481,660
Student & Instruction Related Services	567,310	104,124			671,434
General Administrative Services	150,684				150,684
School Administrative Services	120,001				120,001
Central Services	118,964				118,964
Administrative Information Technology	17,500				17,500
Plant Operations & Maintenance	447,736				447,736
Student Transportation	501,145				501,145
Unallocated Employee Benefits	1,762,551	21,061			1,783,612
Capital Outlay	104,385		59,831		164,216
Total Expenditures	8,787,655	259,196	59,831		9,106,682
Excess (Deficiency) of Revenues Over (Under) Expenditures	(54,918)	-	(59,831)		(114,749)
OTHER FINANCING SOURCES (USES)					
Transfers	(70,000)		70,000		
Total Other Financing Sources and Uses	(70,000)		70,000		
Net Change in Fund Balances	(124,918)		10,169		(114,749)
Fund Balance—July 1 (Deficit)	1,061,085	(1,650)		72,800	1,132,235
Fund Balance—June 30 (Deficit)	\$ 936,167	\$ (1,650)	\$ 10,169	\$ 72,800	\$ 1,017,486

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, 2017

Total Net Change in Fund Balances - Governmental Funds (from B-2) **\$ (114,749)**

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	\$	(230,885)	
Fixed Asset Adjustment		(27,081)	
Capital Outlay		138,046	
			(119,920)

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. (39,661)

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. 60,427

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. 839

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). (41,321)

Change in Net Position of Governmental Activities (A-2) **\$ (254,385)**

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, 2018

	<u>FOOD SERVICE FUND</u>	<u>SCHOOL CARE</u>	<u>TOTAL</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 25,196	\$ 462	\$ 25,658
Accounts Receivable			
State	48		48
Federal	1,966		1,966
Interfund		500	500
Other	3,007		3,007
Inventories	1,986		1,986
Total Current Assets	<u>32,203</u>	<u>962</u>	<u>33,165</u>
Noncurrent Assets:			
Equipment	137,974		137,974
Less: Accumulated Depreciation	(129,984)		(129,984)
Total Noncurrent Assets	<u>7,990</u>		<u>7,990</u>
Total Assets	<u>40,193</u>	<u>962</u>	<u>41,155</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	7,006		7,006
Interfund Payable			
Unearned Revenue	2,566		2,566
Total Current Liabilities	<u>9,572</u>		<u>9,572</u>
NET POSITION:			
Unrestricted	<u>30,621</u>	<u>962</u>	<u>31,583</u>
Total Net Position	<u>30,621</u>	<u>962</u>	<u>31,583</u>
Total Liabilities and Net Position	<u>\$ 40,193</u>	<u>\$ 962</u>	<u>\$ 41,155</u>

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

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>FOOD SERVICE FUND</u>	<u>SCHOOL CARE</u>	<u>TOTAL</u>
OPERATING REVENUES			
Local Sources			
Daily Sales			
Reimbursable Programs	\$ 35,469	\$	\$ 35,469
Non-Reimbursable Programs	18,542		18,542
Special Functions	13,826		13,826
Program Fees		24,082	24,082
Total Operating Revenue:	<u>67,837</u>	<u>24,082</u>	<u>91,919</u>
OPERATING EXPENSES			
Labor	49,211	31,185	80,396
Depreciation	755		755
Cost of Sales - Reimbursable Programs	39,005		39,005
Cost of Sales - Non Reimbursable Programs	11,645		11,645
Supplies and Materials	7,148	1,442	8,590
Repairs and Maintenance	6,368		6,368
Utilities	6,748		6,748
Management Fee	9,490		9,490
Other	8,284		8,284
Total Operating Expenses	<u>138,654</u>	<u>32,627</u>	<u>171,281</u>
Operating Income (Loss)	<u>(70,817)</u>	<u>(8,545)</u>	<u>(79,362)</u>
NONOPERATING REVENUES			
State Sources			
State School Lunch Program	1,068		1,068
Federal Sources			
National School Lunch Program	32,569		32,569
School Breakfast Program	8,671		8,671
Food Distribution Program	11,641		11,641
Interest	37	7	44
Total Non-operating Revenues	<u>53,986</u>	<u>7</u>	<u>53,993</u>
Net Income (Loss) Before Operating Transfers	<u>(16,831)</u>	<u>(8,538)</u>	<u>(25,369)</u>
Change in Net Position	(16,831)	(8,538)	(25,369)
Total Net Position—Beginning	47,452	9,500	56,952
Total Net Position—Ending	<u>\$ 30,621</u>	<u>\$ 962</u>	<u>\$ 31,583</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, 2017

	<u>FOOD SERVICE FUND</u>	<u>SCHOOL CARE</u>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 67,837	\$ 24,082
Payments to Employees	(49,211)	(27,998)
Payments to Suppliers	(48,495)	
Payments to Others	(15,211)	(1,442)
Net Cash Provided by (Used for) Operating Activities	<u>(45,080)</u>	<u>(5,358)</u>
Cash Flows from Non-Capital Financing Activities		
State Sources	1,068	
Federal Sources	41,240	
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>42,308</u>	
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	37	7
Net Cash Provided by (Used for) Investing Activities	<u>37</u>	<u>7</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,735)	(5,351)
Balances - Beginning of Year	27,931	6,313
Balances - End of Year	<u>\$ 25,196</u>	<u>\$ 962</u>
Operating Income (Loss)	\$ (70,817)	\$ (8,545)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities		
Food Distribution Program	11,641	
Depreciation	755	
Change in Assets and Liabilities		
(Increase) Decrease in Inventory	1,381	
(Increase) Decrease in Accounts Receivable	993	3,322
(Increase) Decrease in Interfund Receivable	5,174	
Increase (Decrease) in Unearned Revenue	478	(135)
Increase (Decrease) in Payables	5,315	
Increase (Decrease) in Interfund Payables		
Total Adjustments	<u>25,737</u>	<u>3,187</u>
Net Cash Used by Operating Activities	<u>\$ (45,080)</u>	<u>\$ (5,358)</u>

FIDUCIARY FUNDS

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	<u>EXPENDABLE</u>							
	<u>TRUST</u>		<u>AGENCY</u>					
	<u>SCHOLARSHIP</u>	<u>TRUST</u>	<u>STUDENT</u>	<u>PAYROLL</u>	<u>TOTAL</u>			
	<u>TRUST</u>	<u>TRUST</u>	<u>ACTIVITY</u>	<u>PAYROLL</u>	<u>TOTAL</u>			
ASSETS								
Cash and Cash Equivalents	\$	13,888	\$	44,156	\$	49,680	\$	107,724
Investments								
Total Assets		<u>13,888</u>		<u>44,156</u>		<u>49,680</u>		<u>107,724</u>
LIABILITIES								
Interfunds Payable					314			314
Deductions Payable					33,094			33,094
Due to Student Groups			44,156					44,156
Flexible Spending Reserve					16,272			16,272
Total Liabilities				<u>44,156</u>		<u>49,680</u>		<u>93,836</u>
NET POSITION								
Reserved for Scholarships		<u>13,888</u>						<u>13,888</u>
Total Net Position	\$	<u>13,888</u>	\$	<u>44,156</u>	\$	<u>49,680</u>	\$	<u>107,724</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, 2018

	<u>SCHOLARSHIP TRUST</u>
OPERATING REVENUES	
Local Sources	
Interest on Investments	\$ 29
Receipts	250
Total Operating Revenues	<u>279</u>
OPERATING EXPENDITURES	
Awards	250
Total Operating Expenditures	<u>250</u>
Change in Net Position	29
Net Position—Beginning of the Year	<u>13,859</u>
Net Position—End of the Year	<u>\$ 13,888</u>

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Upper Pittsboro 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 Pittsboro Township's grades Pre-Kindergarten through Grade 8. The year ended with an enrollment of 327 students.

Reporting Entity:

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

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

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

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

New Accounting Standards:

The School District has adopted the following GASB statements:

- **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 inter-period equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 75 will impact the financial statements of the School District.
- **GASB No. 85 - *Omnibus 2017:*** The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 85 is not expected to impact the financial statements of the School District.
- **GASB No. 86 - *Certain Debt Extinguishment Issues:*** The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 86 is not expected to 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. 83 - *Certain Asset Retirement Obligations:*** This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of Statement will be effective for reporting periods beginning after June 15, 2018. Management is evaluating the potential impact of the adoption of GASB 83 on the School District's financial statements.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

New Accounting Standards (Continued):

- **GASB No. 84 - *Fiduciary Activities*:** The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of Statement will be effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 84 on the School District's financial statements.

- **GASB No. 87 - *Leases*:** The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of Statement will be effective for reporting periods beginning after periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 87 on the School District's financial statements.

- **GASB No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*:** The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management is evaluating the potential impact of the adoption of GASB 88 on the School District's financial statements.

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

New Accounting Standards (Continued):

- GASB No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*: The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 89 on the School District's financial statements.

- GASB Statement - No. 90 - *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*: The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 90 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.

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

A. Basis of Presentation: (Continued)

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.
- 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.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

B. Fund Accounting (Continued):

GOVERNMENTAL FUND TYPE

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

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

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

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

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

PROPRIETARY FUNDS

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

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.

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

B. Fund Accounting (Continued):

Enterprise (Food Service) Funds – (Continued) 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.

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 \$250 in scholarship awards in 2017-2018.

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 FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 expensed when used. This includes Federal Commodity Food in the amount of \$1,025. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

Inventory in the Food Service Fund at June 30, 2018 consisted of the following:

Food	\$	1,520
Supplies		466
		<hr/>
	\$	1,986
		<hr/> <hr/>

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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 FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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 FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2017.

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 FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	Cash and Cash Equivalents
Checking accounts	\$ 1,089,735
Certificates of Deposit	12,703
Total	<u>\$ 1,102,438</u>

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018 the School District's bank balance of \$1,727,423 was exposed to custodial credit risk as follows:

	Cash and Cash Equivalents
Insured	\$ 250,000
Uninsured and collateralized with securities held by pledging financial institutions	1,477,243
Total	<u>\$ 1,727,243</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 2017-18 school year, \$225 of interest earnings was added to the capital reserve account and \$70,000 was appropriated in the 2017-18 budget, resulting in a balance at June 30, 2018 of \$259,728, of which \$170,000 was anticipated as revenue in the 2018-19 budget.

The June 30, 2018 LRFP balance of local support costs of uncompleted capital projects at June 30, 2018 is \$445,416. There were no withdrawals from the capital reserve for use in a DOE approved facilities project during the 2017-18 School Year.

NOTE 5. OPERATING LEASE

The District had no new operating lease agreements during the 2017-2018 school year.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 6. 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 2017-18 school year, \$225 in interest earnings was added to the maintenance reserve account, resulting in a balance at June 30, 2018 of \$300,225, which is within the maximum allowed for the district of \$445,416.

NOTE 7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustment/ Retirements</u>	<u>Ending Balance</u>
Governmental Activities				
Land - Capital Assets not Depreciated	\$ 796,329	\$	\$ (14,900)	\$ 781,429
Facility and Improvements	7,050,288	\$ 60,581	\$ 5,385	7,116,254
Transportation	617,198	77,465	33,500	728,163
Machinery and Equipment	599,855		(51,066)	548,789
Totals at Historical Cost	8,267,341	138,046	(12,181)	8,393,206
Less Accumulated Depreciation	(5,839,011)	(230,885)		(6,069,896)
	2,428,330	(92,839)	(12,181)	2,323,310
Government Activities - Capital Assets, Net	<u>\$ 3,224,659</u>	<u>\$ (92,839)</u>	<u>\$ (27,081)</u>	<u>\$ 3,104,739</u>
Business-type Activities				
Equipment	\$ 137,974			\$ 137,974
Accumulated Depreciation	(129,229)	\$ (755)		(129,984)
Business-type Activities Capital Assets, Net	<u>\$ 8,745</u>	<u>\$ (755)</u>		<u>\$ 7,990</u>

Depreciation was Charged to Governmental Functions as Follows:

Unallocated	<u>\$ 230,885</u>
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**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 8. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2018, 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total bonds payable						
Other Liabilities:						
Obligations under						
Capital Leases	60,427		(60,427)			
Compensated absences						
Payable	140,721	41,321		182,042	10,068	171,974
Total other liabilities	<u>\$ 201,148</u>	<u>\$ 41,321</u>	<u>\$ (60,427)</u>	<u>\$ 182,042</u>	<u>\$ 10,068</u>	<u>\$ 171,974</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 2016-17 school year and, therefore, future payments are not required.

B. Bonds Authorized But Not Issued – As of June 30, 2018, the District had no authorized but not issued bonds.

C. Capital Leases – The District is leasing transportation equipment under capital leases. The leases were paid off during the 2017-2018 school year so there are no future minimum payments.

NOTE 9. PENSION PLANS

Description of Plans - All required employees of the School District are covered by either the Public Employees' Retirement System (PERS) or the Teachers' Pension and Annuity Fund (TPAF) 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. For additional information about PERS or TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 9. PENSION PLANS (Continued)

The following represents the membership tiers for PERS and TPAF:

Tier	Definition
1	Members who are enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008.
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010.
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011.
5	Members who were eligible to enroll on or after June 28, 2011.

Public Employees' Retirement System

The PERS is a cost sharing multiple-employer defined benefit pension plan that was established in 1955. The PERS provides retirement, death and disability, and medical benefits to qualified members. The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of PERS.

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 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. 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.

Contributions - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 7.34% of employees' annual compensation through June 30, 2018. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 13.37% of covered payroll. The District's contributions to PERS for the years ended June 30, 2018, and 2017, were \$66,106 and \$70,972 respectively, equal to the required contributions for each year. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The total payroll for the year ended June 30, 2018 was \$3,375,191. Payroll covered by PERS was \$440,295 for fiscal year 2018. Contributions to the system for the year ended June 30, 2018 were as follows:

	<u>PERS</u>
Employees	\$ 32,317
District	<u>66,106</u>
Total	<u>\$ 98,423</u>

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

The District is billed annually for its normal contribution plus any accrued liability. These contributions were equal to the required contributions for 2018, as follows:

Public Employees Retirement System					
Fiscal Year	Normal Contribution	Accrued Liability	Total Liability	Funded by State	Paid by District
2018	\$ 8,650	\$ 53,869	\$ 66,106	\$ N/A	\$ 66,106

Components of Net Pension Liability - At June 30, 2018, the District's proportionate share of the PERS net pension liability was \$1,651,487. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, to the measurement date of June 30, 2017. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The District's proportion measured as of June 30, 2017 was 0.007095% which was a decrease of 0.00088% from its proportion measured as of June 30, 2016.

Pension Expense and Deferred Outflows/Inflows of Resources - The District's 2018 PERS pension expense, with respect to GASB 68, was \$100,520. The District's 2018 deferred outflows of resources and deferred inflows of resources were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38,887	\$
Changes of assumptions	332,718	331,498
Net difference between projected and actual earnings on pension plan investments	11,246	
Changes in proportion	94,791	229,412
Contributions subsequent to the measurement date	66,106	
Total	\$ 543,748	\$ 560,910

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
2018	\$ 5,597
2019	27,941
2020	(14,157)
2021	(92,661)
2022	(9,986)
Thereafter	
Total	\$ (83,266)

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Additional Information - Collective Balances at June 30, 2018 and 2017 are as follows:

Year	6/30/2018		6/30/2017	
Collective deferred outflows of resources	\$	543,748	\$	825,446
Collective deferred inflows of resources	\$	560,910	\$	93,826
Collective Net Pension Liability	\$	1,651,487	\$	2,360,607
District's Proportion		0.007095%		0.007970%

Actuarial Assumptions - The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	PERS
Measurement Date	June 30, 2017
Actuarial Valuation Date	July 1, 2016
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Inflation	2.25%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Long-Term Expected Rate of Return - 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 Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

	PERS	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Client oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
Total	100.00%	

Discount Rate - The discount rate as of June 30, 2017 used to measure the total pension liability was 5.00% for PERS. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 rate 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 contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. 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 2040 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2017, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	1% Decrease (4.00%)	Current Discount (5.00%)	1% Increase (6.00%)
District's proportionate share of the net pension liability	\$ 2,048,782	\$ 1,651,487	\$ 1,320,491

Teachers' Pension and Annuity Fund

The TPAF 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 defined benefit pension plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

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.

Contributions - 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 7.34% in State fiscal year 2018. 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 2017, 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 District and all other related non-contributing employers. No normal or accrued liability contribution by the 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.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 9. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

The District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2018 because of the 100% special funding situation with the State of New Jersey.

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

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/18	\$ 353,361	100 %	\$ N/A
6/30/17	402,853	100	N/A
6/30/16	402,853	100	N/A

During the fiscal year ended June 30, 2018, the State of New Jersey contributed \$353,361 to the TPAF for pension contributions, \$228,228 for post-retirement benefits on behalf of the School, and \$396 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$187,175 during the year ended June 30, 2018 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Components of Net Pension Liability - At June 30, 2018, the 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 District.

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.

Pension Expense - For the year ended June 30, 2018, the District recognized pension expense of \$1,059,711 and revenue of \$1,059,711 for support provided by the State.

Actuarial Assumptions - The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>TPAF</u>
Measurement Date	June 30, 2017
Actuarial Valuation Date	July 1, 2016
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	Varies based
Thereafter	on experience
Inflation	2.25%

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 9. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

Long-Term Expected Rate of Return - Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	TPAF Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Client oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 rate 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 contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate – As indicated above, TPAF has a special funding situation where the State pays 100% of the District's annual required contribution.

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 FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14- 17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Employees covered by benefit terms. At June 30, 2018, the following employees were covered by the benefit terms:

TPAF participant retirees

As of June 30, 2017, there were 112,966 retirees receiving post retirement medical benefits and the State contributed \$1.39 billion on their behalf.

PERS participant retirees

The state paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Total OPEB Liability

The State of New Jersey's total OPEB liability, as of the measurement date of June 30, 2017, was \$53,639,841,858. Of this amount, the total OPEB liability attributable to the School District was \$15,873,006. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the School District of 0.02959%. The total OPEB liability for the School District measured as of June 30, 2017 is zero as a result of the Special Funding Situation with the State of New Jersey. The School District's proportionate share of the total OPEB liability measured as of June 30, 2017 is 0.00%. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	TPAF/ABP	PERS
Inflation Rate	2.50%	2.50%
Salary Increases:	Based on Years of Service	Based on Age
Through 2026	1.55% - 4.55%	2.15% - 4.15%
Thereafter	2.00% - 5.45%	3.15% - 5.15%

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Discount rate

The discount rate for June 30, 2017 was 3.58%. This represents the municipal bond return rate as chosen by the Division. The source is 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.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2016 Measurement Date	\$ 17,166,872
Changes for the year:	
Service cost	581,616
Interest cost	500,821
Changes of benefit terms	
Differences between expected and actual experience	
Changes in assumptions or other inputs	(2,022,188)
Member contributions	13,538
Gross benefit payments	(367,653)
Net changes	(1,293,866)
Balance as of June 30, 2017 Measurement Date	\$ 15,873,006

Sensitivity of Total Nonemployer OPEB Liability to changes in the discount rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2017		
	At 1.00% Decrease 2.58%	At Discount Rate 3.58%	At 1.00% Increase 4.58%
\$	63,674,362,200	53,639,841,858	45,680,364,953

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2017		
	Healthcare Cost Trend		
	1.00% Decrease	Rate	1.00% Increase
\$	44,113,584,560	53,639,841,858	66,290,599,457

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the School District recognized OPEB expense of \$859,754. The School District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$
Changes of assumptions		1,877,237
Net difference between projected and actual earnings on OPEB plan investments		
Changes in proportion		42,191
Contributions subsequent to the measurement date		
Total	<u>\$</u>	<u>\$ 1,919,428</u>

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

<u>Measurement Period Ending June 30,</u>	<u>OPEB</u>
2018	\$ 196,775
2019	196,775
2020	196,775
2021	196,775
2022	196,775
Thereafter	<u>696,585</u>
Total	<u>\$ 1,680,460</u>

Special Funding Situation

The participating local education employer allocations included in the supplemental Schedule of special funding amounts by employer are provided as each local education employer is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation and to include their respective amount of total OPEB liability in their notes to their financial statements. The total OPEB liability and service cost for each employer was determined separately based on actual data for each employer's participants.

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 11. DEFERRED COMPENSATION

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, 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 12. 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.

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2018:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 314	\$ 597
Special Projects Fund	597	
Payroll Fund		314
Total	<u>\$ 911</u>	<u>\$ 911</u>

NOTE 13. FUND BALANCE APPROPRIATED

General Fund - Of the \$936,167 General Fund balance at June 30, 2018, \$38,459 is committed for Encumbrances; \$259,728 has been restricted for Capital Reserve, of which \$170,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2018; \$300,225 has been restricted for Maintenance Reserve; \$200,000 has been restricted for Tuition Reserve, of which \$100,000, has been appropriated and included as anticipated revenue for the year ending June 30, 2019; \$152,773 is restricted as Excess Surplus at June 30, 2018, of which \$74,307, has been appropriated and included as anticipated revenue for the year ending June 30, 2019; \$36,367 has been assigned and appropriated and included as anticipated revenue for the year ended June 30, 2019; and (\$51,385) represents deficit in unassigned and Undesignated Fund Balance.

Debt Service Fund - The Debt Service fund had \$72,800 in fund balance at June 30, 2018.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 \$74,307 is to be anticipated in the 2018-19 budget and \$78,466 is to be anticipated in the 2019-20 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. TAX ABATEMENT

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because NJSA 54:4-75 and NJSA 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at NJSA 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

NOTE 17. DEFICIT FUND BALANCES

The District has deficit fund balances of \$51,385 unassigned in the General Fund and \$1,650 in the Special Revenue Fund, as of June 30, 2018, 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 2018.

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, 2018

	<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	\$ 4,207,026		\$ 4,207,026	\$ 4,207,026	
Tuition from Individuals - Preschool	20,000		20,000	21,895	1,895
Transportation from Other LEAs	50,000		50,000	73,794	23,794
Interest on Investments				4,585	4,585
Interest on Capital Reserve Account	225		225	225	
Interest on Maintenance Reserve Account				225	225
Rentals	47,000		47,000	53,685	6,685
Miscellaneous	7,000		7,000	49,707	42,707
Total Local Sources	4,331,251		4,331,251	4,411,142	79,891
State Sources:					
Equalization Aid	2,602,252		2,602,252	2,602,252	
School Choice	163,240		163,240	163,240	
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	
Additional Adjustment Aid	16,324		16,324	16,324	
PARCC Readiness Aid	5,200		5,200	5,200	
Per Pupil Growth Aid	5,200		5,200	5,200	
Professional Learning Community Aid	4,400		4,400	4,400	
Nonpublic Transportation Aid				5,220	5,220
Extraordinary Aid				35,766	35,766
On-Behalf TPAF Pension Contribution (non-budgeted)				353,361	353,361
On-Behalf TPAF Postretirement Medical Contribution (non-budgeted)				228,228	228,228
On-Behalf TPAF Long-Term Disability Contribution (non-budgeted)				396	396
Reimbursed TPAF Social Security (non-budgeted)				187,175	187,175
Total State Sources	3,506,443		3,506,443	4,316,589	810,146
Federal Sources:					
TOTAL REVENUES	\$ 7,837,694		\$ 7,837,694	\$ 8,727,731	\$ 890,037

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

EXPENDITURES:	Original Budget	Budget Adjustments Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Current Expense:					
Regular Programs - Instruction					
Salaries of Teachers:					
Preschool	\$ 43,018	\$ (29,999)	\$ 13,019	\$ 13,019	\$
Kindergarten	160,736	(4,093)	156,643	156,643	
Grades 1-5	794,431	10,915	805,346	805,346	
Grades 6-8	674,628	(16,066)	658,562	658,562	
Regular Programs - Home Instruction					
Salaries of Teachers					
Purchased Professional - Educational Services		1,290	1,290	1,050	240
Regular Programs - Undistributed Instruction					
Purchased Technical Services	29,485	(20,878)	8,607	8,607	
Other Purchased Services	22,800	(1,440)	21,360	21,360	
General Supplies	137,551	(48,896)	88,655	88,655	
Textbooks	15,000	7,892	22,892	1,178	21,714
Total Regular Programs - Instruction	1,877,649	(101,275)	1,776,374	1,754,420	21,954
Special Education - Instruction					
Resource Room/Resource Center					
Salaries of Teachers	344,990	72,117	417,107	417,107	
Other Salaries for Instruction	125,465	24,743	150,208	150,208	
General Supplies	1,500	1,065	2,565	2,565	
Total Learning and Language Disabilities	471,955	97,925	569,880	569,880	
Total Special Education	471,955	97,925	569,880	569,880	
Basic Skills/Remedial - Instruction					
Salaries of Teachers	104,031	(5,254)	98,777	98,777	
Total Basic Skills/Remedial - Instruction	\$ 104,031	\$ (5,254)	\$ 98,777	\$ 98,777	\$

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

EXPENDITURES: (Continued)	Original Budget	Budget Adjustments Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Bilingual Education - Instruction					
Salaries of Teachers	\$ 55,718	\$	\$ 55,718	\$ 55,718	\$
General Supplies		569	569	569	
Total Bilingual Education - Instruction	55,718	569	56,287	56,287	
School Sponsored Co/Extra-Curricular Activities - Instruction					
Salaries	25,500	2,218	27,718	27,104	614
Supplies and Materials	500	(180)	320	320	
Total School Sponsored Co/Extra-Curricular Activities	26,000	2,038	28,038	27,424	614
School Sponsored Athletic Activities					
Salaries	5,000	1,576	6,576	5,585	991
Purchased Services	4,000	(1,150)	2,850	2,850	
Supplies and Materials	1,500	(1,178)	322	322	322
Other Objects	650	(154)	496	496	
Total School Sponsored Athletic Activities	11,150	(906)	10,244	8,931	1,313
Total Instruction	2,546,503	(6,903)	2,539,600	2,515,719	23,881
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State - Regular	1,810,852		1,810,852	1,810,851	1
Tuition to Other LEAs Within State - Special	291,180	3,327	294,507	294,507	
Tuition County Voc. School Dist - Regular	79,800	(3,327)	76,473	76,473	
Tuition to CSSD and Regional Day Schools	146,653	42,720	189,373	188,402	971
Tuition to Private Schools/Disabled Within State	112,215	(788)	111,427	111,427	
Total Undistributed Expenditures - Instruction	2,440,700	41,932	2,482,632	2,481,660	972
Attendance and Social Worker Services					
Salaries	24,350		24,350	24,349	1
Total Attendance and Social Worker Services	24,350		24,350	24,349	1
Health Services					
Salaries	79,468	(3,996)	75,472	75,472	
Purchased Professional and Technical Services	4,400	20,828	25,228	25,228	
Supplies and Materials	2,000	(1,372)	628	628	
Other Objects		138	138	138	
Total Health Services	\$ 85,868	\$ 15,598	\$ 101,466	\$ 101,466	\$

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

EXPENDITURES: (Continued)	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Undistributed Expenditures					
Speech, OT, PT and Related Services					
Salaries	\$ 73,218	\$	\$ 73,218	\$ 73,218	\$
Purchased Professional/Educational Services	35,000	406	35,406	34,456	950
Supplies and Materials		667	667	667	
Total Speech, OT, PT and Related Services	<u>108,218</u>	<u>1,073</u>	<u>109,291</u>	<u>108,341</u>	<u>950</u>
Other Support Services Students - Extraordinary Services					
Salaries	14,829	(14,829)			
Purchased Professional/Educational Services	121,188	27,178	148,366	137,075	11,291
Total Other Support Services Students - Extraordinary Service	<u>136,017</u>	<u>12,349</u>	<u>148,366</u>	<u>137,075</u>	<u>11,291</u>
Guidance					
Salaries of Other Professional Staff	62,918		62,918	62,289	629
Supplies and Materials	400	(400)			
Total - Guidance	<u>63,318</u>	<u>(400)</u>	<u>62,918</u>	<u>62,289</u>	<u>629</u>
Child Study Team					
Salaries of Other Professional Staff	6,000	50	6,050	6,050	
Salaries of Secretarial and Clerical Assistants	13,344	(7,186)	6,158	6,158	
Purchased Professional/Educational Services	55,537	(21,450)	34,087	34,087	
Other Professional and Technical Services	2,000	(1,500)	500	400	100
Supplies and Materials	3,200	(1,611)	1,589	700	889
Total Child Study Team	<u>80,081</u>	<u>(31,697)</u>	<u>48,384</u>	<u>47,395</u>	<u>989</u>
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	49,974	(552)	49,422	49,422	
Other Salaries		5,000	5,000	5,000	
Purchased Professional/Educational Services	1,050		1,050	1,040	10
Total Improvement of Instructional Services	<u>51,024</u>	<u>4,448</u>	<u>55,472</u>	<u>55,462</u>	<u>10</u>
Educational Media Services/School Library					
Salaries	18,984	(4,113)	14,871	14,871	
Purchased Professional and Technical Services	3,500	(60)	3,440	3,440	
Supplies and Materials	5,600	(2,435)	3,165	3,165	
Total Educational Media Services/School Library	<u>\$ 28,084</u>	<u>\$ (6,608)</u>	<u>\$ 21,476</u>	<u>\$ 21,476</u>	<u>\$</u>

UPPER PITTSBURGH TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

EXPENDITURES: (Continued)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Instructional Staff Training Services					
Purchased Professional- Educational Services	\$ 1,900	\$ 80	\$ 1,980	1,980	\$
Other Prof/Tech Services	1,400		1,400	1,400	
Other Purchased Services (400-500 series)	5,000	947	5,947	5,947	
Other Objects		130	130	130	
Total Instructional Staff Training Services	8,300	1,157	9,457	9,457	
Support Services - General Administration					
Salaries	68,908	3,831	72,739	72,738	1
Legal Services	5,000	(2,411)	2,589	2,589	
Audit Fees	16,500	(440)	16,060	16,060	
Other Purchased Professional Services	3,500	1,848	5,348	5,348	
Purchased Technical Services	500		500	500	
Communications/Telephone	23,340	6,111	29,451	26,473	2,978
Misc Purchased Services (400-500) [Other then 530&585]	18,118	(2,019)	16,099	16,099	
General Supplies	3,000	2,398	5,398	1,866	3,532
Misc Expenditures	1,500	749	2,249	2,249	
BOE Membership Dues and Fees	6,000	762	6,762	6,762	
Total Support Services - General Administration	146,366	10,829	157,195	150,684	6,511
Support Services - School Administration					
Salaries of Principals/Assistant Principals	88,496	400	88,896	88,384	512
Salaries of Secretarial and Clerical Assistants	22,079	(5,647)	16,432	15,919	513
Other Salaries	500		500	500	500
Purchased Prof. And Tech. Services	9,700	4,649	14,349	10,112	4,237
Supplies and Materials	3,000	1,204	4,204	3,037	1,167
Other Objects	2,440	109	2,549	2,549	
Total Support Service - School Administration	126,215	715	126,930	120,001	6,929
Central Services					
Purchased Professional Services	106,000	3,000	109,000	109,000	
Purchased Technical Services	10,000	(1,911)	8,089	7,850	239
Supplies and Materials	1,000	125	1,125	1,125	
Interest on Lease Purchase Agreement	889		889	889	
Miscellaneous Expenditures	150		150	100	50
Total Central Services	118,039	1,214	119,253	118,964	289
Admin. Info. Technology					
Salaries		1,500	1,500	1,500	
Purchased Technical Services	16,000		16,000	16,000	
Total Admin. Info. Technology	\$ 16,000	\$ 1,500	\$ 17,500	\$ 17,500	\$

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

EXPENDITURES: (Continued)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Required Maintenance for School Facilities					
Salaries	\$ 23,183	\$	\$ 23,183	\$ 23,183	\$
Cleaning, Repair and Maintenance Services	33,295	2,184	35,479	32,182	3,297
General Supplies	5,500	(677)	4,823	3,159	1,664
Other Objects	200		200		200
Total Required Maintenance for School Facilities	62,178	1,507	63,685	58,524	5,161
Custodial Services					
Salaries	162,913	3,427	166,340	157,559	8,781
Purchased Prof. And Tech. Services		2,161	2,161	2,161	
Cleaning, Repair and Maintenance Services	92,000	(17,016)	74,984	69,411	5,573
Insurance	43,428	(2,542)	40,886	34,770	6,116
Miscellaneous Purchased Services		2,542	2,542	2,542	
General Supplies	30,000	2,500	32,500	29,431	3,069
Energy - Natural Gas	3,500	(2,210)	1,290	203	1,087
Energy - Electricity	93,000	135	93,135	93,135	
Total Custodial Services	424,841	(11,003)	413,838	389,212	24,626
Total Other Operations and Maintenance of Plant Services	487,019	(9,496)	477,523	447,736	29,787
Student Transportation Services					
Salaries for Pupil Trans (Between Home/School) - Regular	53,930	(9,420)	44,510	44,510	
Salaries for Pupil Trans (Between Home/School) - Special	39,030	4,460	43,490	42,028	1,462
Salaries for Pupil Trans (Other than Between Home/School)	6,000	(4,287)	1,713		1,713
Cleaning, Repair and Maintenance Services	15,000	(2,208)	12,792	8,957	3,835
Lease Purchase Payments - School Buses	44,521	(789)	43,732	43,731	1
Contract Services-Aid in Lieu Payments-Non Public School	18,564	436	19,000	19,000	
Contract Services-Aid in Lieu Payments-Choice School	3,536	(1,536)	2,000	2,000	
Contract Services-(Home/School) Vendors	255,067	(2,927)	252,140	251,420	720
Contract Services-(Home/School) Joint Agreements	17,000	(1,171)	15,829	15,829	
Contract Services (Special Education Stds)-Joint Agrmts	20,000	28,300	48,300	48,300	
Contract Services (Special Education Stds)-ESCs & CTSA's	19,500	(16,659)	2,841	2,841	
Miscellaneous Purchased Services - Transportation	5,500	320	5,820	5,820	
General Supplies	20,000	(2,056)	17,944	16,709	1,235
Total Student Transportation Services	\$ 517,648	\$ (7,537)	\$ 510,111	\$ 501,145	\$ 8,966

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

EXPENDITURES: (Continued)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Unallocated Benefits					
Social Security Contributions	\$ 64,000	\$	\$ 64,000	\$ 56,593	\$ 7,407
Other Retirement Contributions - PERS	71,591	(500)	71,091	66,106	4,985
Unemployment Compensation	17,000	(250)	16,750	16,743	7
Workmen's Compensation	38,621		38,621	38,520	101
Health Benefits	830,716	(101,634)	729,082	716,203	12,879
Tuition Reimbursements	13,000	(7,531)	5,469	4,046	1,423
Other Employee Benefits	13,036	82,144	95,180	95,180	
Total Unallocated Benefits	1,047,964	(27,771)	1,020,193	993,391	26,802
On-Behalf TPAF Pension Contribution (non-budgeted)				353,361	(353,361)
On-Behalf TPAF Postretirement Contribution (non-budgeted)				228,228	(228,228)
On-Behalf TPAF Long-Term Disability Contribution (non-budgeted)				396	(396)
Reimbursed TPAF Social Security (non-budgeted)				187,175	(187,175)
Total On-Behalf Contributions				769,160	(769,160)
Total Undistributed Expenditures	5,485,211	7,306	5,492,517	6,167,551	(675,034)
Total Expenditures - Current Expense	8,031,714	403	8,032,117	8,683,270	(651,153)
Capital Outlay					
Increase in Capital Reserve					
Equipment					
Undistributed Expenditures:					
Custodial Services - Lease Principal	26,698		26,698	16,696	10,002
School Busses - Regular		77,465	77,465	77,465	
School Busses - Regular - Lease Principal					
Total Equipment	26,698	77,465	104,163	94,161	10,002
Facilities Acquisitions and Construction Services					
Interest Deposit to Capital Reserve	225		225		225
Architectural /Engineering Services	10,000	(750)	9,250		9,250
Construction Services		750	750	750	
Assessment for Debt Service on SDA Funding	9,474		9,474	9,474	
Total Facilities Acquisitions and Construction Services	19,699		19,699	10,224	9,475
Assets Acquired Under Capital Leases (non-budgeted)					
Interest Deposit to Capital Reserve					
Total Assets Acquired Under Capital Leases (non-budgeted)					
Total Capital Outlay	46,397	77,465	123,862	104,385	19,477
Total Expenditures	\$ 8,078,111	\$ 77,868	\$ 8,155,979	\$ 8,787,655	\$ (631,676)

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<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	\$ (240,417)	\$ (77,868)	\$ (318,285)	\$ (59,924)	\$ 258,361
Other Financing Sources (Uses):					
Capital Reserve Transferred to Capital Projects Fund	(70,000)		(70,000)	(70,000)	
Total Other Financing Sources (Uses)	(70,000)		(70,000)	(70,000)	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(310,417)	(77,868)	(388,285)	(129,924)	258,361
Fund Balances, July 1	1,408,462		1,408,462	1,408,462	
Fund Balances, June 30	\$ 1,098,045	\$ (77,868)	\$ 1,020,177	\$ 1,278,538	\$ 258,361

RECAPITULATION :

Fund Balances

Restricted for:					
Capital Reserve				\$ 89,728	
Maintenance Reserve				300,225	
Tuition Reserve - 2017-18				100,000	
Excess Surplus				78,466	
Assigned to:					
Year - End Encumbrances				38,459	
Excess Surplus - Designated for Subsequent Year's Expenditures				74,307	
Capital Reserve Designated for Subsequent Year's Expenditures				170,000	
Tuition Reserve Designated for Subsequent Year's Expenditures - 2016-17				100,000	
Assigned Fund Balance - Designated for Subsequent Year's Expenditures				36,367	
Unassigned Fund Balance				290,986	
				<u>1,278,538</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(342,371)	
Fund Balance per Governmental Funds (GAAP)				\$ <u>936,167</u>	

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES					
Federal Sources	\$ 148,136	\$ 95,029	\$ 243,165	\$ 243,165	\$
State Sources	16,500		16,500	16,500	
Total Revenues	<u>164,636</u>	<u>95,029</u>	<u>259,665</u>	<u>259,665</u>	
EXPENDITURES					
Instruction					
Salaries of Teachers	81,973	10,305	92,278	92,278	
Supplies and Materials		42,202	42,202	42,202	
Total Instruction	<u>81,973</u>	<u>52,507</u>	<u>134,480</u>	<u>134,480</u>	
Support Services					
Personal Services - Employee Benefits		21,061	21,061	21,061	
Purchased Prof/Technical Services	82,663	21,461	104,124	104,124	
Total Support Services	<u>82,663</u>	<u>42,522</u>	<u>125,185</u>	<u>125,185</u>	
Facilities Acquisition and Construction Services					
Instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	<u>164,636</u>	<u>95,029</u>	<u>259,665</u>	<u>259,665</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, 2017

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

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the Budgetary Comparison Schedule	[C-1]	\$ 8,727,731	[C-2]	\$ 259,665
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, 2017				
Encumbrances: June 30, 2018				(469)
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		347,377		1,650
State aid payment recognized for budgetary purposes, not recognized for GAAP statements		(342,371)		(1,650)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 8,732,737	[B-2]	\$ 259,196
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 8,787,655	[C-2]	\$ 259,665
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, 2017				
Encumbrances: June 30, 2018				
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 8,787,655	[B-2]	\$ 259,665

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability(Asset)	0.007095%	0.007970%	0.008546%	0.008009%	0.007379%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,651,487	\$ 2,360,607	\$ 1,918,440	\$ 1,499,685	\$ 1,410,216
District's Covered-Employee Payroll	\$ 440,295	\$ 425,742	\$ 484,808	\$ 548,308	\$ 586,060
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	375.09%	554.47%	395.71%	273.51%	240.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

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

SCHEDULE L-2

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 66,106	\$ 70,972	\$ 73,474	\$ 66,033	\$ 55,597
Contributions in Relation to the Contractually Required Contribution	<u>(66,106)</u>	<u>(70,972)</u>	<u>(73,474)</u>	<u>(66,033)</u>	<u>(55,597)</u>
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's Covered-Employee Payroll	\$ 440,295	\$ 425,742	\$ 484,808	\$ 548,308	\$ 586,060
Contributions as a Percentage of Covered-Employee Payroll	15.01%	16.67%	15.16%	12.04%	9.49%

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability(Asset)	0.022688%	0.022968%	0.021640%	0.021470%	0.021466%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 15,297,179	\$ 18,068,023	\$ 13,677,666	\$ 11,474,875	\$ 10,848,929
District's Covered-Employee Payroll	\$ 2,600,252	\$ 2,452,489	\$ 2,442,426	\$ 2,354,687	\$ 2,326,390
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	588.30%	736.72%	560.00%	487.32%	466.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

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

SCHEDULE L-4

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 five years.
Additional years will be presented as they become available.

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

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III
PENSION SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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.

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information - Part III
Schedule of Changes in the Total OPEB Liability and Related Ratios
State Health Benefit Local Education Retired Employees Plan
Last Ten Fiscal Years

	2017
Total OPEB Liability	
Service cost	\$ 581,616
Interest	500,821
Changes of benefit terms	
Differences between expected and actual experience	
Changes of assumptions or other inputs	(2,022,188)
Member contributions	13,538
Benefit payments	(367,653)
Net change in total OPEB liability	(1,293,866)
Total OPEB liability - beginning	17,166,872
Total OPEB liability - ending	\$ 15,873,006
Covered-employee payroll	\$ 3,040,547
Total OPEB liability as a percentage of covered-employee payroll	522.04%

Notes to Schedule:

Changes of benefit terms: None

Changes of assumptions: The decrease in the liability from June 30, 2016 to June 30, 2017 is due to the increase in the assumed discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

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, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	<u>NCLB</u>			<u>I.D.E.A. PART B</u>		<u>SUBTOTAL PER E-1(2)</u>	<u>TOTAL</u>	
	<u>TITLE I PART A 2017-18</u>	<u>TITLE II PART A 2017-18</u>	<u>TITLE IV PART A 2017-18</u>	<u>BASIC</u>	<u>PRE- SCHOOL</u>		<u>2018</u>	<u>2017</u>
REVENUES								
Federal Sources	\$ 83,900	\$ 13,124	\$ 10,000	\$ 100,534	\$ 3,590	\$ 32,017	\$ 243,165	\$ 190,626
State Sources						16,500	16,500	
Total Revenues	<u>83,900</u>	<u>13,124</u>	<u>10,000</u>	<u>100,534</u>	<u>3,590</u>	<u>48,517</u>	<u>259,665</u>	<u>190,626</u>
EXPENDITURES								
Instruction								
Salaries of Teachers	65,018	10,200				17,060	92,278	87,000
Supplies and Materials	677	68	10,000			31,457	42,202	29,631
Total Instruction	<u>65,695</u>	<u>10,268</u>	<u>10,000</u>			<u>48,517</u>	<u>134,480</u>	<u>116,631</u>
Support Services								
Personal Services - Employee Benefits	18,205	2,856					21,061	17,810
Purchased Professional/Technical Services				100,534	3,590		104,124	103,329
Total Support Services	<u>18,205</u>	<u>2,856</u>		<u>100,534</u>	<u>3,590</u>		<u>125,185</u>	<u>121,139</u>
Facilities Acquisition								
Instructional Equipment								
Total Facilities Acquisition								
Total Expenditures	<u>\$ 83,900</u>	<u>\$ 13,124</u>	<u>\$ 10,000</u>	<u>\$ 100,534</u>	<u>\$ 3,590</u>	<u>\$ 48,517</u>	<u>\$ 259,665</u>	<u>\$ 237,770</u>

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	<u>PRESCHOOL EDUCATION</u>	<u>REAP 2016-17</u>	<u>TOTAL</u>
REVENUES			
Federal Sources	\$	\$ 32,017	\$ 32,017
State Sources	16,500		16,500
Total Revenues	<u>16,500</u>	<u>32,017</u>	<u>48,517</u>
EXPENDITURES			
Instruction			
Salaries of Teachers	16,500	560	17,060
Supplies and Materials		31,457	31,457
Total Instruction	<u>16,500</u>	<u>32,017</u>	<u>48,517</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>\$ 32,017</u>	<u>\$ 48,517</u>

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<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 2017-18 Preschool Education Aid Allocation	\$ 16,500	(1)
Add: Actual ECPA Carryover (June 30, 2017)		(2)
Add: Budgeted Transfer from General Fund 2017-18		(3)
Total Preschool Education Aid Funds Available for 2017-18 Budget	<u>16,500</u>	(4)
Less: 2017-18 Budgeted Preschool Education Aid and Prior Year Budgeted (Carryover)	<u>(16,500)</u>	(5)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2018	-	(6)
Add: June 30, 2018 Unexpended Preschool Education Aid		(7)
Less: 2017-18 Commissioner-approved Transfer to the General Fund		(8)
2017-18 Carryover - Preschool Education Aid	<u>\$ -</u>	(9)
2017-18 Preschool Education Aid Carryover Budgeted for Preschool Programs 2018-19	<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, 2018

<u>Number</u>	<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance 6/30/18</u>	<u>Memo Only</u>	
			<u>Prior Year</u>	<u>Current Year</u>		<u>Encumbrances</u>	<u>Available Balance</u>
2018-1	Science Lab Renovations	\$ 70,000	\$	\$ 59,831	\$ 10,169	\$ 10,169	\$
		<u>\$ 70,000</u>	<u>\$</u>	<u>\$ 59,831</u>	<u>\$ 10,169</u>	<u>\$ 10,169</u>	<u>\$</u>

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Revenue and Other Financing Sources:

Transfer from Capital Reserve	\$ 70,000
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Expenditures and other Financing Uses:

Professional/Technical Services	18,521
Construction Services	41,310
General Supplies	

Total Expenditures	<u>59,831</u>
--------------------	---------------

Excess (Deficiency) of Revenues Over (Under) Expenditures	10,169
---	--------

Fund Balance - Beginning	
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Fund Balance - Ending	<u>\$ 10,169</u>
-----------------------	------------------

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PROJECT EXPENDITURES

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND

PROJECT STATUS - BUDGETARY BASIS

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

Science Lab Renovations

Elementary School

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
Revenues and Other Financing Sources				
State Sources - NJSDA Grant	\$	\$	\$	\$
Transfer from Capital Reserve		70,000	70,000	70,000
Total Revenues		<u>70,000</u>	<u>70,000</u>	<u>70,000</u>
Expenditures and Other Financing Uses				
Other Professional/Technical Services		18,521	18,521	18,521
Construction Services		41,310	41,310	41,310
General Supplies		10,169	10,169	10,169
Total Expenditures		<u>70,000</u>	<u>70,000</u>	<u>70,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures \$	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>-</u>

PROPRIETARY FUND DETAIL STATEMENTS

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

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

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2018 AND 2017

	FOOD SERVICE FUND		SCHOOL CARE		TOTAL	
					2018	2017
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$	25,196	\$	462	\$	25,658
Accounts Receivable					\$	34,244
State		48			48	56
Federal		1,966			1,966	2,744
Other		3,007			3,007	6,536
Interfund Receivable				500	500	5,174
Inventories		1,986			1,986	3,367
Total Current Assets		32,203		962	33,165	52,121
Fixed Assets						
Equipment		137,974			137,974	137,974
Accumulated Depreciation		(129,984)			(129,984)	(129,229)
Total Fixed Assets		7,990			7,990	8,745
Total Assets	\$	40,193	\$	962	\$	41,155
					\$	60,866
LIABILITIES						
Current Liabilities						
Accounts Payable	\$	7,006	\$		\$	7,006
Interfund Payable					\$	1,691
Unearned Revenue		2,566			2,566	2,223
Total Liabilities		9,572			9,572	3,914
NET POSITION						
Unrestricted		30,621		962	31,583	56,952
Total Net Position		30,621		962	31,583	56,952
Total Liabilities and Net Position	\$	40,193	\$	962	\$	41,155
					\$	60,866

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

	FOOD SERVICE FUND	SCHOOL CARE	TOTAL	
			2018	2017
OPERATING REVENUES				
Local Sources				
Daily Sales				
Reimbursable Programs	\$ 35,469	\$	\$ 35,469	\$ 36,591
Non-Reimbursable Programs	18,542		18,542	20,516
Special Functions	13,826		13,826	21,055
Program Fees		24,082	24,082	39,494
Total Operating Revenue	<u>67,837</u>	<u>24,082</u>	<u>91,919</u>	<u>117,656</u>
OPERATING EXPENSES				
Labor	49,211	31,185	80,396	109,828
Depreciation	755		755	755
Cost of Sales - Reimbursable Programs	39,005		39,005	40,295
Cost of Sales - Non Reimbursable Programs	11,645		11,645	13,050
Supplies and Materials	7,148	1,442	8,590	13,468
Repairs and Maintenance	6,368		6,368	6,422
Utilities	6,748		6,748	11,919
Management Fee	9,490		9,490	11,140
Other	8,284		8,284	5,210
Total Operating Expenses	<u>138,654</u>	<u>32,627</u>	<u>171,281</u>	<u>212,087</u>
Operating Income (Loss)	<u>(70,817)</u>	<u>(8,545)</u>	<u>(79,362)</u>	<u>(94,431)</u>
NON-OPERATING REVENUES				
State Sources				
State School Lunch Program	1,068		1,068	1,113
Federal Sources				
National School Lunch Program	32,569		32,569	39,903
School Breakfast Program	8,671		8,671	11,086
Food Distribution Program	11,641		11,641	10,563
Interest	37	7	44	82
Total Non-Operating Revenues	<u>53,986</u>	<u>7</u>	<u>53,993</u>	<u>62,747</u>
Net Income (Loss) Before Operating Transfers	<u>(16,831)</u>	<u>(8,538)</u>	<u>(25,369)</u>	<u>(31,684)</u>
Net (Loss) Income	<u>(16,831)</u>	<u>(8,538)</u>	<u>(25,369)</u>	<u>(31,684)</u>
Net Position - July 1	<u>47,452</u>	<u>9,500</u>	<u>56,952</u>	<u>88,636</u>
Net Position - June 30	<u>\$ 30,621</u>	<u>\$ 962</u>	<u>\$ 31,583</u>	<u>\$ 56,952</u>

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2017 AND 2016

	FOOD SERVICE FUND	SCHOOL CARE	TOTAL	
			2018	2017
Cash Flows from Operating Activities				
Receipts from Customers	\$ 67,837	\$ 24,082	\$ 91,919	\$ 117,656
Payments to Employees	(49,211)	(27,998)	(77,209)	(109,828)
Payments to Suppliers	(48,495)		(48,495)	(53,685)
Payments to Others	(15,211)	(1,442)	(16,653)	(60,593)
Net Cash Provided by (Used for) Operating Activities	(45,080)	(5,358)	(50,438)	(106,450)
Cash Flows from Non-Capital Financing Activities				
State Sources	1,068		1,068	1,113
Federal Sources	41,240		41,240	50,989
Net Cash Provided by (Used for) Non-Capital Financing Activities	42,308		42,308	52,102
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	37	7	44	82
Net Cash Provided by (Used for) Investing Activities	37	7	44	82
Net Increase (Decrease) in Cash and Cash Equivalents	(2,735)	(5,351)	(8,086)	(54,266)
Balances - Beginning of Year	27,931	6,313	34,244	88,510
Balances - End of Year	\$ 25,196	\$ 962	\$ 26,158	\$ 34,244
Operating Income (Loss)	\$ (70,817)	\$ (8,545)	\$ (79,362)	\$ (96,681)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities				
Food Distribution Program	11,641		11,641	12,813
Depreciation	755		755	755
Change in Assets and Liabilities				
(Increase) Decrease in Inventory	1,381		1,381	142
(Increase) Decrease in Accounts Receivable	993	3,322	4,315	(5,488)
(Increase) Decrease in Interfund Receivable	5,174		5,174	(5,174)
Increase (Decrease) in Unearned Revenue	478	(135)	343	(5,968)
Increase (Decrease) in Accounts Payable	5,315		5,315	(6,849)
Increase (Decrease) in Interfund Payable				
Total Adjustments	25,737	3,187	28,924	(9,769)
Net Cash Used by Operating Activities	\$ (45,080)	\$ (5,358)	\$ (50,438)	\$ (106,450)

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, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	<u>AGENCY</u>			<u>TOTAL</u>	
	<u>SCHOLARSHIP TRUST</u>	<u>STUDENT ACTIVITY</u>	<u>PAYROLL</u>	<u>2018</u>	<u>2017</u>
ASSETS					
Cash and Cash Equivalents	\$ 13,888	\$ 44,156	\$ 49,680	\$ 107,724	\$ 81,887
Investments					1,839
Total Assets	<u>13,888</u>	<u>44,156</u>	<u>49,680</u>	<u>107,724</u>	<u>83,726</u>
LIABILITIES					
Due to General Fund			314	314	1,786
Deductions Payable			33,094	33,094	30,525
Due to Student Groups		44,156		44,156	23,583
Flexible Spending Reserve			16,272	16,272	13,973
Total Liabilities		<u>44,156</u>	<u>49,680</u>	<u>93,836</u>	<u>69,867</u>
NET POSITION					
Reserved for Scholarships	<u>13,888</u>			<u>13,888</u>	<u>13,859</u>
Total Net Position	<u>\$ 13,888</u>	<u>\$</u>	<u>\$</u>	<u>\$ 13,888</u>	<u>\$ 13,859</u>

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SCHOLARSHIP TRUST
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

OPERATING REVENUES

Local Sources	
Interest on Investments	\$ 29
Receipts	250
	<hr/>
Total Operating Revenue	279
	<hr/>

OPERATING EXPENDITURES

Awards	250
	<hr/>
Total Operating Expenditures	250
	<hr/>
Change in Net Position	29
Net Position - July 1, 2017	13,859
	<hr/>
Net Position - June 30, 2018	\$ 13,888
	<hr/> <hr/>

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
ASSETS				
Cash and Cash Equivalents	\$ 21,744	\$ 73,990	\$ 51,578	\$ 44,156
Certificates of Deposit	1,839	6	1,845	
Total Assets	<u>\$ 23,583</u>	<u>\$ 73,996</u>	<u>\$ 53,423</u>	<u>\$ 44,156</u>
LIABILITIES				
Due to Student Groups	\$ 23,583	\$ 73,996	\$ 53,423	\$ 44,156
Total Liabilities	<u>\$ 23,583</u>	<u>\$ 73,996</u>	<u>\$ 53,423</u>	<u>\$ 44,156</u>

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
ASSETS				
Cash and Cash Equivalents	\$ 46,284	\$ 2,053,692	\$ 2,050,296	\$ 49,680
Total Assets	<u>\$ 46,284</u>	<u>\$ 2,053,692</u>	<u>\$ 2,050,296</u>	<u>\$ 49,680</u>
LIABILITIES				
Interfunds Payable	\$ 1,786	\$	\$ 1,472	\$ 314
Payroll Deductions and Withholdings	30,525	2,033,677	2,031,108	33,094
Flexible Spending Reserve	13,973	20,015	17,716	16,272
Total Liabilities	<u>\$ 46,284</u>	<u>\$ 2,053,692</u>	<u>\$ 2,050,296</u>	<u>\$ 49,680</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 OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance June 30, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2018</u>
2009 Solar Energy System	\$ 132,845	5.46%	\$ 16,696	\$	\$ 16,696	\$
2014 School Bus-54 Passenger (2)	194,624	2.055%	43,731		43,731	
			<u>\$ 60,427</u>	<u>\$</u>	<u>\$ 60,427</u>	<u>\$</u>

STATISTICAL SECTION

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

	<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>2017</u>	<u>2018</u>
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 2,142,303	\$ 2,386,905	\$ 2,681,839	\$ 3,054,431	\$ 3,335,484	\$ 3,231,987	\$ 3,312,866	\$ 3,092,769	\$ 3,164,232	\$ 3,104,739
Restricted	210,900	413,308	576,300	558,640	521,818	768,733	658,946	795,650	1,038,758	922,895
Unrestricted (Deficit)	(94,932)	(127,644)	(128,763)	(106,200)	(157,506)	(222,560)	(1,603,342)	(1,546,710)	(1,677,070)	(1,756,099)
Total Governmental Activities Net Position	\$ 2,258,271	\$ 2,672,569	\$ 3,129,376	\$ 3,506,871	\$ 3,699,796	\$ 3,778,160	\$ 2,368,470	\$ 2,341,709	\$ 2,525,920	\$ 2,271,535
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 22,378	\$ 17,405	\$ 21,282	\$ 18,876	\$ 16,470	\$ 14,064	\$ 11,194	\$ 9,500	\$ 8,745	\$ 7,990
Restricted										
Unrestricted	16,381	10,334	29,351	43,283	52,591	56,729	64,809	79,136	96,452	23,593
Total Business-Type Activities Net Position	\$ 38,759	\$ 27,739	\$ 50,633	\$ 62,159	\$ 69,061	\$ 70,793	\$ 76,003	\$ 88,636	\$ 105,197	\$ 31,583
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 2,164,681	\$ 2,404,310	\$ 2,703,121	\$ 3,073,307	\$ 3,351,954	\$ 3,246,051	\$ 3,324,060	\$ 3,102,269	\$ 3,172,977	\$ 3,112,729
Restricted	210,900	413,308	576,300	558,640	521,818	768,733	658,946	795,350	1,038,758	922,895
Unrestricted (Deficit)	(78,551)	(117,310)	(99,412)	(62,917)	(104,915)	(165,831)	(1,538,533)	(1,467,574)	(1,580,618)	(1,732,506)
Total District-Wide Net Position	\$ 2,297,030	\$ 2,700,308	\$ 3,180,009	\$ 3,569,030	\$ 3,768,857	\$ 3,848,953	\$ 2,444,473	\$ 2,430,045	\$ 2,631,117	\$ 2,303,118

Source: CAFR Schedule A-1

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 1,607,999	1,714,229	1,613,172	1,877,092	1,690,606	1,824,169	1,727,278	1,854,515	1,875,979	1,888,431
Special Education	356,273	377,818	411,831	417,478	410,947	436,865	428,787	433,709	438,123	569,880
Other Special Education	147,793	132,971	143,205	159,360	152,740	155,522	176,572	174,724	168,420	191,419
Support Services										
Tuition	2,031,193	2,084,793	1,996,070	2,078,585	2,056,917	2,088,860	2,488,476	2,311,740	2,114,386	2,481,660
Student and Instruction Related Services	516,604	548,251	487,681	353,810	529,147	518,863	532,332	672,099	671,537	671,434
General Administrative Services	192,050	194,566	180,532	180,090	179,550	165,174	216,215	197,640	174,384	150,684
School Administrative Services	149,339	161,760	161,643	171,161	148,177	158,146	156,081	118,310	115,887	120,001
Central Services and Administrative Info. Tech.	123,709	128,008	121,797	119,188	133,449	133,441	137,554	126,137	117,853	136,464
Plant Operations and Maintenance	380,310	375,098	397,715	444,658	560,265	450,654	434,024	446,653	347,884	447,736
Pupil Transportation	370,171	369,543	334,941	348,789	377,295	390,306	419,370	415,328	440,296	457,414
Unallocated Employee Benefits	1,114,385	1,119,872	1,126,101	1,258,022	1,388,656	1,454,366	2,014,832	2,303,563	2,931,375	3,202,470
Unallocated Depreciation Expense	232,580	229,904	234,465	237,739	271,531	259,430	245,703	234,178	210,396	230,885
Interest on Long-Term Debt	92,399	75,130	64,488	42,144	23,046	14,817	14,341	11,756	10,013	8,635
Amortization of Debt Issue Costs	2,667	2,667	2,666	2,667						
Total Governmental Activities Expenses	7,317,472	7,514,610	7,276,307	7,690,783	7,922,326	8,050,613	8,991,565	9,300,352	9,616,513	10,557,113
Business-Type Activities										
Food Service	123,612	122,974	-	89,050	150,999	135,311	131,097	119,239	169,751	138,654
School Care	30,654	33,165	-	47,466	38,839	42,006	46,044	40,650	42,336	32,627
Total Business-Type Activities Expense	154,266	156,139	-	136,516	189,838	177,317	177,141	159,889	212,087	171,281
Total District Expenses	\$ 7,471,738	7,670,749	7,276,307	7,827,299	8,112,164	8,227,930	9,168,706	9,460,241	9,828,600	10,728,394
Program Revenues										
Governmental Activities										
Charges for Services										
Instruction (Tuition)										
Pupil Transportation										
Operating Grants and Contributions	\$ 531,570	606,172	566,557	609,289	673,978	657,949	692,932	835,596	882,543	1,027,960
Total Governmental Activities Program Revenues	531,570	606,172	566,557	609,289	673,978	657,949	692,932	835,596	882,543	1,027,960
Business-Type Activities										
Charges for Services										
Food Service	70,786	69,766	90,236	89,050	88,063	83,633	77,410	77,458	78,162	67,837
School Care	33,410	33,014	43,240	47,466	44,939	37,980	37,929	32,453	39,494	24,082
Operating Grants and Contributions	47,130	46,829	40,589	51,717	63,686	57,377	66,957	62,536	62,665	53,949
Total Business-Type Activities Program Revenues	151,326	149,609	174,065	188,233	196,688	178,990	182,296	172,447	180,321	145,868
Total District Program Revenues	\$ 682,896	755,781	740,622	797,522	870,666	836,939	875,228	1,008,043	1,062,864	1,173,828
Net (Expense)/Revenue										
Governmental Activities	\$ (6,785,902)	(6,908,438)	(6,709,750)	(7,081,494)	(7,248,348)	(7,392,664)	(8,298,633)	(8,464,756)	(8,733,970)	(9,529,153)
Business-Type Activities	(2,940)	(6,530)	174,065	51,717	6,850	1,673	5,155	12,558	(31,766)	(25,413)
Total District-Wide Net Expense	\$ (6,788,842)	(6,914,968)	(6,535,685)	(7,029,777)	(7,241,498)	(7,390,991)	(8,293,478)	(8,452,198)	(8,765,736)	(9,554,566)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes Levied for General Purposes, Net	\$ 3,260,797	3,477,394	3,547,690	3,547,690	3,547,690	3,776,190	3,965,591	4,043,102	4,063,102	4,207,026
Taxes Levied for Debt Service	295,169	301,906	335,168	330,656	324,813	67,800	70,353	71,600	72,800	
Unrestricted Grants and Contributions	3,329,619	3,423,393	3,171,541	3,436,320	3,456,959	3,448,467	4,045,238	4,143,422	4,644,364	4,890,707
Investment Earnings	4,540	2,255	3,090	2,930	3,075	4,094	4,339	4,704	4,959	5,035
Tuition and Transportation Revenue	89,031	96,258	73,129	102,179	75,907	82,716	98,099	109,044	75,433	95,689
Miscellaneous Income	36,200	31,151	41,695	48,714	36,606	91,761	59,942	59,597	57,823	103,392
Fixed Asset Adjustment		(9,621)	(5,756)							(27,081)
Transfers and Other Adjustments							6,226			
Total Governmental Activities	7,015,356	7,322,736	7,166,557	7,468,489	7,445,050	7,471,028	8,243,562	8,437,695	8,918,481	9,274,768
Business-Type Activities										
Transfer and Other Adjustments		(4,512)	5,816	73	52	59	55	75	82	44
Investment Earnings	37	22								
Total Business-Type Activities	37	(4,490)	5,816	73	52	59	55	75	82	44
Total District-Wide	\$ 7,015,393	7,318,246	7,172,373	7,468,562	7,445,102	7,471,087	8,243,617	8,437,770	8,918,563	9,274,812
Change in Net Position										
Governmental Activities	\$ 229,454	414,298	456,807	386,995	196,702	78,364	(55,071)	(27,061)	184,511	(254,385)
Business-Type Activities	(2,903)	(11,020)	179,881	51,790	6,902	1,732	5,210	12,633	(31,684)	(25,369)
Total District-Wide	\$ 226,551	403,278	636,688	438,785	203,604	80,096	(49,861)	(14,428)	152,827	(279,754)

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund										
Restricted	\$ 211,780	\$ 482,484	\$ 599,216	\$ 567,091	\$	\$	\$	\$	\$	\$
Capital Reserve					28,603	28,828	29,053	79,278	259,503	89,728
Maintenance Reserve					100,000	200,000	200,000	300,000	300,000	300,225
Excess Surplus					164,137	170,920	173,713	174,948	74,307	78,466
Tuition Reserve					60,000	60,000	60,000	60,000	100,000	100,000
Committed to Encumbrances					39,677	140,086	9,686	2,986	77,868	38,459
Assigned:										
Capital Reserve									70,000	170,000
Tuition Reserve									60,000	100,000
Excess surplus					165,076	164,137	170,920	173,713	174,948	74,307
Designated fro Subsequent Year's Expenditures					4,002	5,165	6,796	6,075	5,469	36,367
Unrestricted	9,026	(67,270)	(30,514)	(49,996)	(58,910)	(78,684)	(74,790)	(90,741)	(61,010)	(51,385)
Total General Fund	<u>\$ 220,806</u>	<u>\$ 415,214</u>	<u>\$ 568,702</u>	<u>\$ 517,095</u>	<u>\$ 502,585</u>	<u>\$ 690,452</u>	<u>\$ 575,378</u>	<u>\$ 706,259</u>	<u>\$ 1,061,085</u>	<u>\$ 936,167</u>
All Other Governmental Funds										
Restricted	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Capital Projects Fund							9,228			10,169
Unrestricted, Reported in:										
Special Revenue Fund (Deficit)	(1,650)	(1,650)	(1,650)		(1,650)	(1,650)	(1,650)	(1,650)	(1,650)	(1,650)
Debt Service Fund	1,800	1,800			47	1,247	1,200		72,800	72,800
Total All Other Governmental Funds	<u>\$ 150</u>	<u>\$ 150</u>	<u>\$ (1,650)</u>	<u>\$</u>	<u>\$ (1,603)</u>	<u>\$ (403)</u>	<u>\$ 8,778</u>	<u>\$ (1,650)</u>	<u>\$ 71,150</u>	<u>\$ 81,319</u>

Source: CAFR Schedule B-1

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax Levy	\$ 3,555,966	\$ 3,779,300	\$ 3,882,858	\$ 3,878,346	\$ 3,872,503	\$ 3,843,990	\$ 4,035,944	\$ 4,114,702	\$ 4,135,902	\$ 4,207,026
Transportation	53,884	32,689	32,079	57,450	54,703	61,094	63,780	72,348	51,111	73,794
Tuition Charges	35,147	63,569	41,050	44,729	21,204	21,622	34,319	36,696	24,322	21,895
Interest Earnings	4,540	2,255	3,090	2,930	3,075	4,094	4,339	4,704	4,959	5,035
Rental	36,200	31,231	32,448	33,096	33,758	51,600	52,632	57,446	52,632	53,685
Miscellaneous			9,247	15,618	2,848	40,161	7,310	2,151	5,191	49,707
State Sources	3,634,314	3,299,676	3,500,909	3,695,917	3,933,806	3,876,069	4,036,008	4,087,658	4,203,273	4,338,095
Federal Sources	226,875	729,889	237,189	349,692	197,131	230,347	201,702	240,105	221,270	242,696
Total Revenues	7,546,926	7,938,609	7,738,870	8,077,778	8,119,028	8,128,977	8,436,034	8,615,810	8,698,600	8,991,933
Expenditures										
Instruction										
Regular Instruction	1,607,999	1,714,229	1,613,172	1,877,092	1,690,606	1,824,169	1,727,278	1,854,515	1,875,979	1,888,431
Special Education Instruction	356,273	377,818	411,831	417,478	410,947	436,865	428,787	433,709	438,123	569,880
Other Instruction	147,793	132,971	143,205	159,360	152,740	155,522	176,572	174,724	168,420	191,419
Support Services										
Tuition	2,031,193	2,084,793	1,996,070	2,078,585	2,056,917	2,088,860	2,488,476	2,311,740	2,114,386	2,481,660
Student and Instruction Related Services	516,604	548,251	487,681	353,810	529,147	518,863	532,332	672,099	671,537	671,434
General Administrative Services	192,050	194,566	185,055	189,590	188,050	175,982	232,298	203,376	174,384	150,684
School Administrative Services	149,339	166,084	161,643	171,935	148,177	158,146	156,081	118,310	115,887	120,001
Central Services	123,709	128,008	121,797	119,188	124,949	122,633	121,471	120,401	117,853	118,964
Admin. Info. Technology										17,500
Plant Operations and Maintenance	380,310	375,098	397,715	444,658	560,265	450,654	434,024	446,653	347,864	447,736
Pupil Transportation	373,230	368,968	334,941	348,789	377,295	390,306	419,370	415,328	440,296	501,145
Unallocated Employee Benefits	1,106,804	1,089,304	1,129,930	1,247,963	1,369,357	1,444,553	1,484,315	1,555,479	1,684,683	1,783,612
Capital Outlay	210,876	228,328	92,574	164,034	98,728	301,381	270,523	122,449	121,622	164,216
Debt Service										
Principal	390,000	415,000	440,000	450,000	460,000	60,000	65,000	70,000		
Interest	100,426	83,653	65,812	46,903	26,313	6,600	5,400	2,800		
Total Expenditures	7,686,606	7,907,071	7,581,426	8,069,385	8,193,491	8,134,534	8,541,927	8,501,583	8,271,034	9,106,682
Excess (Deficiency) of Revenues Over (Under) Expenditures	(139,680)	31,538	157,444	8,393	(74,463)	(5,557)	(105,893)	114,227	427,626	(114,749)
Other Financing Sources (Uses)										
Transfer			(5,756)							
Capital Lease Proceeds						194,624				
Capital Leases (Non-Budgeted)	153,758	162,950								
Adjustment to State Aid							6,226			
Total Other Financing Sources (Uses)	153,758	162,950	(5,756)			194,624		6,226		
Net Change in Fund Balances	\$ 14,078	\$ 194,488	\$ 151,688	\$ 8,393	\$ (74,463)	\$ 189,067	\$ (105,893)	\$ 120,453	\$ 427,626	\$ (114,749)
Debt Service as a Percentage of Noncapital Expenditures	6.4%	6.3%	6.7%	6.2%	5.9%	0.8%	0.8%	0.8%	0.0%	0.0%

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
2018	\$ 5,035	\$ 21,895	\$ 73,794	\$	\$ 53,685	\$	\$	\$ 49,707	\$ 204,116
2017	4,959	24,322	51,111		52,632			5,191	138,215
2016	4,704	36,696	72,348		57,446			2,151	173,345
2015	4,339	34,319	63,780		52,632			7,310	162,380
2014	4,094	21,622	61,094		51,600	898		39,263	178,571
2013	3,075	21,204	54,703		33,758			2,848	115,588
2012	2,930	44,729	57,450		33,096	5,159		10,459	153,823
2011	3,090	41,050	32,079		32,448	977		8,270	117,914
2010	2,255	63,569	32,689		31,151				129,664
2009	4,540	35,147	53,884		36,200				129,771

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 ^d	Estimated Actual (County Equalized Value)
2018	\$ 7,726,301	\$ 209,681,100	\$ 84,137,700	\$ 11,022,900	\$ 23,694,400	\$ 1,480,000	\$ 337,742,401	\$	\$ 337,742,401	\$ 1.249	\$ 306,592,594
2017	7,735,201	210,800,800	83,397,000	11,025,300	23,794,400	1,480,000	338,232,701	869,843	339,102,544	1.241	316,341,845
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

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	
2018	\$ 1.241	\$ 0.000	\$ 1.241	\$ 0.178	\$ 1.092	\$ 2.511
2017	1.241	0.000	1.241	0.173	1.015	2.429
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

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	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Third Garden Park Limited Partners	\$ 1,950,000	0.58%	\$ 1,650,000	0.48%
Larchmont Farms, Inc	1,894,400	0.56%	925,000	0.27%
Taxpayer #1	1,884,400	0.56%	2,000,000	0.58%
Round About Equipment LLC	1,750,000	0.52%		
R M Sickler Sons Farm, LLC	1,488,000	0.44%		
Atlantic City Electric Co	1,480,000	0.44%	1,480,000	0.43%
Taxpayer #2	1,200,800	0.36%	1,600,000	0.46%
Holly View Corp % N Perlmutter	1,171,000	0.35%		
Wilson Brothers Farm Corp	1,128,200	0.33%		
Cantanese Pole Tavern Assoc, LLC	1,025,000	0.30%		
NJ Bell Telephone			1,809,844	0.52%
Bell Atlantic- New Jersey, Inc			1,200,000	0.35%
Avis Garage Inc.			1,025,000	0.30%
Farm-Rite			1,000,000	0.29%
DWA LLC			875,000	0.25%
Total	\$ 14,971,800	4.43%	\$ 11,914,844	2.93%

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	
2018	\$ 4,207,026	\$ 4,207,026	100%	\$
2017	4,063,102	4,063,102	100%	
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%	

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			
2018	\$	\$	\$	\$	\$	\$	\$
2017			60,427		60,427	0.04%	18
2016			127,190		127,190	0.08%	38
2015	70,000	210,912			280,912	0.19%	83
2014	135,000	291,532			426,532	0.29%	122
2013	195,000	161,187			356,187	0.25%	104
2012	655,000	60,427			715,427	0.51%	206
2011	1,105,000	301,542			1,406,542	0.99%	404
2010	1,545,000	380,133			1,925,133	1.33%	523
2009	1,960,000	122,931			2,082,931	1.48%	574

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 personal 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			
2018	\$	\$	\$	\$	
2017					
2016					
2015	70,000		70,000	0.02%	20
2014	135,000		135,000	4.00%	39
2013	195,000		195,000	0.06%	57
2012	655,000		655,000	0.20%	189
2011	1,105,000		1,105,000	0.30%	317
2010	1,545,000		1,545,000	0.45%	442
2009	1,960,000		1,960,000	0.56%	546

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2018
(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	42,049,364	6.25%	2,628,984
Other debt			
Subtotal, Overlapping Debt			2,628,984
Upper Pittsgrove Township School District Direct Debt			b -
Total Direct and Overlapping Debt			\$ 2,628,984

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

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

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

b Includes Capital Leases

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

Legal Debt Margin Calculation for Fiscal Year 2017

	Equalized Valuation Basis
2017	\$ 307,037,673
2016	317,956,042
2015	316,247,612
[A]	\$ 941,241,327
Average Equalized Valuation of Taxable Property	[A/3] \$ 313,747,109
Debt Limit (3% of Average Equalization Value)	[B] 9,412,413 ^a
Net Bonded School Debt	[C] -
Legal Debt Margin	[B-C] \$ <u>9,412,413</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>2017</u>	<u>2018</u>
Debt Limit	\$ 9,887,914	\$ 10,328,012	\$ 10,365,246	\$ 10,096,895	\$ 6,361,536	\$ 9,331,696	\$ 9,052,822	\$ 9,142,147	\$ 6,342,037	\$ 9,412,413
Total Net Debt Applicable to Limit	<u>1,960,000</u>	<u>1,545,000</u>	<u>1,105,000</u>	<u>655,000</u>	<u>195,000</u>	<u>135,000</u>	<u>70,000</u>			
Legal Debt Margin	<u>\$ 7,927,914</u>	<u>\$ 8,783,012</u>	<u>\$ 9,260,246</u>	<u>\$ 9,441,895</u>	<u>\$ 6,166,536</u>	<u>\$ 9,196,696</u>	<u>\$ 8,982,822</u>	<u>\$ 9,142,147</u>	<u>\$ 6,342,037</u>	<u>\$ 9,412,413</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	19.8%	15.0%	10.7%	6.5%	3.1%	1.4%	0.8%	0.0%	0.0%	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</u> ^a	<u>Personal Income (thousands of dollars)</u> ^b	<u>Per Capita Personal Income</u> ^c	<u>Unemployment Rate</u> ^d
2018	** 3,355	\$ 151,627,582	\$ 45,195	4.10%
2017	3,360	152,350,695	45,195	4.10%
2016	3,371	151,119,966	44,747	4.90%
2015	3,394	150,367,776	44,304	5.80%
2014	3,415	149,562,676	42,850	6.70%
2013	3,438	141,858,756	41,262	8.80%
2012	3,469	141,594,173	40,817	9.70%
2011	3,481	142,087,458	40,818	8.90%
2010	3,494	137,873,240	39,460	11.90%
2009	3,590	139,345,850	38,815	4.40%

** 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>2018</u>		<u>2009</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
PSEG Nuclear	1,595	2.41%		
EI duPont	685	1.04%		
Mannington Mills	800	1.21%		
Memorial Hospital of Salem County	720	1.09%		NOT AVAILABLE
Atlantic City Electric				
RE Pierson Construction	400	0.61%		
Anchor Glass	376	0.57%		
McLane NJ	401	0.61%		
Inspira Health Network	400	0.61%		
Wal-Mart	250	0.38%		
B & B Poultry Co., Inc	175	0.26%		
Atlantis Rehabilitation	170	0.26%		
Southgate Healthcare Center	170	0.26%		
Home Care & Hospice Care of SJ	160	0.24%		
Ross Fogg Fuel Oil, Inc.	160	0.24%		
CFJ Properties	150	0.23%		
Larchmont Farms	275	0.42%		
Salem County College	180	0.27%		

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)

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction										
Regular	31.0	31.0	30.0	25.5	25.5	30	30	27	29	26
Special Education	9.0	9.0	6.0	13.0	12.0	6.0	5.0	6.0	5.0	6.5
Other Special Education	3.0	3.0	0.0							
Other Instruction								2.0	3.0	3.0
Support Services:										
Tuition										
Student & Instruction Related Services	11.0	11.0	9.0	7.2	7.3	11	10	9.0	8.0	11.0
General Administrative Services	4.0	4.0	4.0	3.6	3.6	3.6	3.6	3.0	3.0	3.0
School Administrative Services	0.5	0.5	0.5	0.6	0.6	0.6	0.6	2.0	2.0	2.0
Business Administrative Services						3				
Plant Operations and Maintenance	3.0	3.0	3.0	3.0	3.0	8.5	8.5	3.0	3.0	3.5
Pupil Transportation	8.5	8.0	8.0	8.0	8.0			2.0	2.0	3.0
Food Service								7.0	0.0	0.0
Total	70.0	69.5	60.5	60.9	60.0	62.7	57.7	61.0	55.0	57.8

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				
2018	327	\$ 8,942,466	\$ 27,347	0.22	35.3	11.7 : 1	10.1 : 1	326.0	312.0	-3.920%	95.71%
2017	339	8,149,412	24,040	0.15	37.0	11.7:1	10.1:1	339.3	322.7	-4.153%	95.11%
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%

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</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	395	415	383	379	388	373	367	338	339	327

Number of Schools at June 30, 2018
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>2018</u>	<u>2017</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>
Upper Pittsgrove Township School	64,828	\$ 58,524	\$ 61,834	\$ 55,093	\$ 48,103	\$ 37,282	\$ 43,219	\$ 42,917	\$ 24,775	\$ 25,061	\$ 26,414
Total School Facilities		58,524	61,834	55,093	48,103	37,282	43,219	42,917	24,775	25,061	26,414
Other Facilities											
Grand Total		\$ 58,524	\$ 61,834	\$ 55,093	\$ 48,103	\$ 37,282	\$ 43,219	\$ 42,917	\$ 24,775	\$ 25,061	\$ 26,414

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

Company	Type of Coverage	Coverage	Deductible
NJ School Board Assoc Insurance Group	Property Blanket Building & Contents	\$ 18,569,472	\$ 5,000
	Commercial Inland Marine Blanket Hardware and Software	520,000	1,000
	Commercial General Liability		
	Products Completed Operations Aggregate Limit	6,000,000	
	Personal and Advertising Injury Limit	6,000,000	
	Bodily Injury & Property Damage	6,000,000	
	Sexual Abuse	6,000,000	
	Employee Benefits Liability	6,000,000	1,000
	Premises Medical Payments (per accident)	10,000	
		5,000	per person limit
	Boiler and Machinery Section		
	Limit per Accident for Property Damage and Business Income	18,569,472	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		
Environmental Liability			
Each Pollution Event	1,000,000	250,000	
Shared Program Limit	11,000,000	annual aggregate	
Student Accident Policies			
United States Fire Insurance Company	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	1,000,000	
Ohio Casualty Insurance Company	Surety Bonds		
	Treasurer	172,000	
	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, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the of Education of the Upper Pittsgrove Township School District, in the County of Salem, State of New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the of Education of the Upper Pittsgrove Township School District's basic financial statements, and have issued our report thereon dated January 30, 2019. 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 of the financial statements, we considered the Upper Pittsgrove Township Board of Education's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

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
January 30, 2019

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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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, 2018. 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its 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 programs based on our audit of the types of compliance requirements referred to 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.

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 types of 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, 2018.

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 types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Upper Pittsgrove Township Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with Uniform Guidance and New Jersey OMB Treasury 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 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 January 30, 2019. 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
January 30, 2019

**TOWNSHIP OF UPPER PITTSBORO SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2017		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures (A)	Balance at June 30, 2018		
					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:																
E.S.E.A																
Title I, Part A	84.010	S010A170030	NCLB532018	\$ 83,900	7/1/17	6/30/18				\$83,900	(\$83,900)		(\$83,900)			
Title II, Part A	84.367A	S367A170029	NCLB532018	13,124	7/1/17	6/30/18				13,124	(13,124)		(13,124)			
Title IV	84.424	S424A170031	NCLB532018	10,000	7/1/17	6/30/18				10,000	(10,000)		(10,000)			
IDEA Cluster:																
I.D.E.A. Part B, Basic Regular	84.027	H027A170100	IDEA532018	100,534	7/1/17	6/30/18				100,534	(100,534)		(100,534)			
I.D.E.A. Part B, Pre-School	84.173	H173A170114	IDEA532018	3,590	7/1/17	6/30/18				3,590	(3,590)		(3,590)			
REAP	84.358A	S358A163592	REAP532017	32,017	7/1/16	10/2/17				32,017	(32,017)		(32,017)			
Total Special Revenue Fund										243,165	(243,165)		(243,165)			
U.S. Department of Agriculture																
Passed-through State Department of Education:																
Enterprise Fund:																
Non-Cash Assistance:																
Food Distribution Program	10.565	Unknown	N/A	10,578	7/1/17	6/30/18				10,578	(9,553)		(9,553)		\$1,025	
Food Distribution Program	10.565	Unknown	N/A	12,851	7/1/16	6/30/17		\$2,088			(2,088)		(2,088)			
Child Nutrition Cluster:																
Cash Assistance:																
National School Lunch Program	10.555	171NJ304N1099	N/A	32,569	7/1/17	6/30/18				31,070	(32,569)		(32,569)	(\$1,499)		
National School Lunch Program	10.555	161NJ304N1099	N/A	39,903	7/1/16	6/30/17		(\$2,075)		2,075						
School Breakfast Program	10.553	171NJ304N1099	N/A	8,671	7/1/17	6/30/18				8,204	(8,671)		(8,671)	(467)		
School Breakfast Program	10.553	161NJ304N1099	N/A	11,086	7/1/16	6/30/17		(669)		669						
Total Enterprise Fund								(2,744)	2,088	52,596	(52,881)		(52,881)	(1,966)	1,025	
Total Federal Financial Awards								(\$2,744)	\$2,088	\$295,761	(\$296,046)		(\$296,046)	(\$1,966)	\$1,025	

(A) There were no awards passed through to sub-recipients.

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, 2018

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2017					Balances at June 30, 2018			MEMO		
					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	18-495-034-5120-078	\$2,602,252	7/1/17	6/30/18			\$2,348,167	\$ (2,602,252)			(\$254,085)	\$	*	\$254,085	\$ 2,602,252
Equalization Aid	17-495-034-5120-078	2,602,252	7/1/16	6/30/17	\$ (257,801)		257,801								
Special Education Categorical Aid	18-495-034-5120-089	300,139	7/1/17	6/30/18			270,833	(300,139)			(29,306)		*	29,306	300,139
Special Education Categorical Aid	17-495-034-5120-089	300,139	7/1/16	6/30/17	(29,734)		29,734								
Transportation Aid	18-495-034-5120-014	316,928	7/1/17	6/30/18			285,983	(316,928)			(30,945)		*	30,945	316,928
Transportation Aid	17-495-034-5120-014	316,928	7/1/16	6/30/17	(31,398)		31,398								
Security Aid	18-495-034-5120-084	55,469	7/1/17	6/30/18			50,053	(55,469)			(5,416)		*	5,416	55,469
Security Aid	17-495-034-5120-084	55,469	7/1/16	6/30/17	(5,495)		5,495								
Additional Adjustment Aid	18-495-034-5120-085	16,324	7/1/17	6/30/18			14,730	(16,324)			(1,594)		*	1,594	16,324
Additional Adjustment Aid	17-495-034-5120-085	16,324	7/1/16	6/30/17	(1,617)		1,617								
School Choice	18-495-034-5120-068	163,240	7/1/17	6/30/18			147,301	(163,240)			(15,939)		*	15,939	163,240
School Choice	17-495-034-5120-068	142,835	7/1/16	6/30/17	(16,172)		16,172								
Under Adequacy Aid	18-495-034-5120-096	37,291	7/1/17	6/30/18			33,650	(37,291)			(3,641)		*	3,641	37,291
Under Adequacy Aid	17-495-034-5120-096	37,291	7/1/16	6/30/17	(3,694)		3,694								
PARCC Readiness Aid	18-495-034-5120-098	5,200	7/1/17	6/30/18			4,692	(5,200)			(508)		*	508	5,200
PARCC Readiness Aid	17-495-034-5120-098	5,200	7/2/16	6/30/17	(515)		515								
Per Pupil Growth Aid	18-495-034-5120-097	5,200	7/1/16	6/30/18			4,692	(5,200)			(508)		*	508	5,200
Per Pupil Growth Aid	17-495-034-5120-097	5,200	7/1/16	6/30/17	(515)		515								
Professional Learning Comm Aid	18-495-034-5120-101	4,400	7/1/17	6/30/18			3,971	(4,400)			(429)		*	429	4,400
Professional Learning Comm Aid	17-495-034-5120-101	4,400	7/1/16	6/30/17	(436)		436								
Nonpublic Transportation Aid	18-495-034-5120-014	5,220	7/1/17	6/30/18				(5,220)			(5,220)		*		5,220
Nonpublic Transportation Aid	17-495-034-5120-014	5,469	7/1/16	6/30/17	(5,469)		3,306		\$ 2,163						
Extraordinary Aid	18-495-034-5120-044	35,766	7/1/17	6/30/18				(35,766)			(35,766)		*		35,766
Extraordinary Aid	17-495-034-5120-044	30,898	7/1/16	6/30/17	(30,898)		30,898								
Reimbursed TPAF Social Security Contrib.	18-495-034-5094-003	187,175	7/1/17	6/30/18			187,175	(187,175)					*		187,175
Reimbursed TPAF Social Security Contrib.	17-495-034-5094-003	176,138	7/1/16	6/30/17	(411)		411								
Total General Fund					(384,155)		3,733,239	(3,734,604)	2,163		(383,357)			342,371	3,734,604
Special Revenue Fund:															
Preschool Education Aid	18-495-034-5120-086	16,500	7/1/17	6/30/18			14,850	(16,500)			(1,650)		*	1,650	16,500
Preschool Education Aid	17-495-034-5120-086	16,500	7/1/16	6/30/17	(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	18-100-010-3350-023	1,068	7/1/17	6/30/18			1,020	(1,068)			(48)		*		1,068
State School Lunch Program	17-100-010-3350-023	1,113	7/1/16	6/30/17	(56)		56								
Total Enterprise Fund					(56)		1,076	(1,068)			(48)				1,068
Total State Financial Assistance Subject to OMB 15-08					\$ (385,861)		\$3,750,815	\$ (3,752,172)	\$ 2,163		\$ (385,055)			\$ 344,021	\$ 3,752,172
State Financial Assistance Not Subject to OMB 15-08															
On Behalf TPAF Pension Contribution	18-495-034-5094-002	353,361	7/1/17	6/30/18			\$ 353,361	\$ (353,361)							
On Behalf TPAF Post Retire Med'l. Contrib.	18-495-034-5094-001	228,228	7/1/17	6/30/18			228,228	(228,228)							
On Behalf TPAF LTDI (non-budgeted)	18-495-034-5094-004	396	7/1/17	6/30/18			396	(396)							
Total State Financial Assistance							\$4,332,800	\$ (4,334,157)							

See accompanying notes to schedules of financial assistance

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2018

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. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

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 \$5,006 for the general fund and \$(469) 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, 2018
(Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 4,321,595	\$ 4,321,595
Special Revenue Fund	242,696	16,500	259,196
Food Service Fund	<u>52,881</u>	<u>1,068</u>	<u>53,949</u>
Total Financial Assistance	\$ <u>295,577</u>	\$ <u>4,339,163</u>	\$ <u>4,634,740</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, 2018. 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, 2018.

NOTE 7: SCHOOLWIDE PROGRAM FUNDS

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

NOTE 8: ADJUSTMENTS

There was one immaterial adjustment regarding the prior year state aid receivable in the amount of \$2,163, reflected on Schedule B.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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)? _____ yes _____ no

Identification of major programs:

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
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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, 2018
(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:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
18-495-034-5120-078	Equalization Aid
18-495-034-5120-089	Special Education Categorical Aid
18-495-034-5120-084	Security Aid
18-495-034-5120-068	School Choice Aid
18-495-034-5120-096	Under Adequacy Aid
18-495-034-5120-098	PARCC Readiness Aid
18-495-034-5120-097	Per Pupil Growth Aid
18-495-034-5120-085	Additional Adjustment Aid
18-495-034-5120-101	Professional Learning Community Aid

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weakness, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting 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 Treasury Circular 15-08 audit.

Finding: There were no matters to be reported.

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Views of responsible officials and planned corrective actions:

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(continued)**

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

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* and NJOMB Circular Letter 15-08, as applicable.

FEDERAL AWARDS

N/A

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Effect:

Cause:

Recommendation:

Views of responsible officials and planned corrective actions:

STATE AWARDS

N/A

Information on the state program:

Finding:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 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 Treasury Circular 04-04 and/or 15-08, as applicable.

STATUS OF PRIOR - YEAR FINDINGS

There were no prior year findings.