

**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, 2013

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

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

For the Fiscal Year Ended June 30, 2013

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, 2012**

TABLE OF CONTENTS

<u>INTRODUCTORY SECTION</u>	<u>Page</u>
Letter of Transmittal	1-4
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors	7
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	8-9a
Required Supplementary Information - Part I Management's Discussion and Analysis	10-18
Basic Financial Statements	
A. District-wide Financial Statements:	
A-1 Statement of Net Position	19
A-2 Statement of Activities	20
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	21
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	22
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Proprietary Funds:	
B-4 Statement of Net Position	24
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	25
B-6 Statement of Cash Flows	26
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	27
B-8 Statement of Changes in Fiduciary Net Position	28
 Notes to the Financial Statements	 29-47

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**TABLE OF CONTENTS
(Page 2)**

<u>FINANCIAL SECTION</u> (continued)	<u>Page</u>
Required Supplementary Information – Part II	
C. Budgetary Comparison Schedule:	
C-1 Budgetary Comparison Schedule – General Fund	48-55
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (if applicable)	N/A
C-1b Education Jobs Fund Program – Budget and Actual LEFT BLANK INTENTIONALLY	N/A 56
C-2 Budgetary Comparison Schedule – Special Revenue Fund	57
Notes to the Required Supplementary Information	
C-3 Budget-to-GAAP Reconciliation	58
Other Supplementary Information	
D. School Based Budget Schedules: (if applicable)	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	59-60
E-2 Preschool Education Aid Schedule(s) of Expenditures – Budgetary Basis	61
F. Capital Projects Fund:	
F-1 Summary Schedule Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	N/A
F-2a Schedule(s) of Project Revenues, Expenditures, Project Balances, and Project Status – Budgetary Basis	N/A
NOT USED	62-64

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**TABLE OF CONTENTS
(Page 3)**

<u>FINANCIAL SECTION</u> (continued)	<u>Page</u>
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Position	65
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	66
G-3 Combining Schedule of Cash Flows	67
Internal Service Fund:	
G-4 Combining Schedule of Net Position	N/A
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	68
H-2 Combining Statement of Changes in Fiduciary Net Position	69
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	70
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	71
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	72
I-2 Schedule of Obligations under Capital Leases	73
I-3 Debt Service Fund Budgetary Comparison Schedule	74

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**TABLE OF CONTENTS
(Page 4)**

STATISTICAL SECTION (Unaudited)

	<u>Page</u>
Introduction to the Statistical Section	
Financial Trends Information	
J-1 Net Position by Component	75
J-2 Changes in Net Position	76
J-3 Fund Balances - Governmental Funds	77
J-4 Changes in Fund Balances, Governmental Funds	78
J-5 General Fund Other Local Revenue By Source	79
Revenue Capacity Information	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	80
J-7 Direct and Overlapping Property Tax Rates	81
J-8 Principal Property Taxpayers*	82
J-9 Property Tax Levies and Collections	83
Debt Capacity Information	
J-10 Ratios of Outstanding Debt by Type	84
J-11 Ratios of General Bonded Debt Outstanding	85
J-12 Direct and Overlapping Governmental Activities Debt	86
J-13 Legal Debt Margin Information	87
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	88
J-15 Principal Employers	89
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	90
J-17 Operating Statistics	91
J-18 School Building Information	92
J-19 Schedule of Required Maintenance Expenditures by School Facility	93
J-20 Insurance Schedule	94

*Private citizens should be listed as Individual Taxpayer 1, Individual Taxpayer 2, etc.

SINGLE AUDIT SECTION

K-1	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	95-96
K-2	Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	97-98
K-3	Schedule of Expenditures of Federal Awards, Schedule A	99
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	100
K-5	Notes to Schedules of Expenditures of Federal and State Awards	101-102
K-6	Schedule of Findings and Questioned Costs	103-106
K-7	Summary Schedule of Prior Year Audit Findings	107

INTRODUCTORY SECTION

Upper Pittsgrove School District

235 Pine Tavern Road · Monroeville · New Jersey · 08343

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

October 2, 2013

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, 2013 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly, the financial position and results of operations of the various funds of the District. All disclosures that we feel are necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1. REPORTING ENTITY AND ITS SERVICES:

Upper Pittsgrove Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds of the District are included in this report. The Upper Pittsgrove Township Board of Education and its one school constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels Pre-K through Grade 8. These include regular, as well as special education for handicapped students. The District completed the 2012-2013 fiscal year with an enrollment of 557 including 169 high school students, which is fourteen (14) less students than the previous year's enrollment and includes 388 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>
2012-13	557	(2.45%)
2011-12	571	(5.62%)
2010-11	605	5.22%
2009-10	575	1.05%
2008-09	569	6.16%
2007-08	536	(7.43%)
2006-07	579	.35%
2005-06	577	(1.70%)
2004-05	587	(1.84%)
2003-04	598	(0.50%)

* Includes High School Students

2. ECONOMIC CONDITION AND OUTLOOK:

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

3. MAJOR INITIATIVES:

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

- Implementation of our new social studies series.
- IPad integration into the classroom curriculum.
- Continuation of the Response to intervention using DIBELS assessments to provide ongoing interventions to younger students with difficulties in reading.
- Use of interactive white boards in every academic classroom.
- Return of computer/technology classes.
- Continuation of our Test Fest Program for the NJ ASK.

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, 2013.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. CASH MANAGEMENT:

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

8. RISK MANAGEMENT:

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

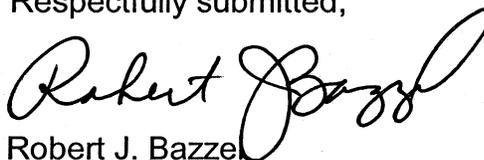
9. OTHER INFORMATION:

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

10. ACKNOWLEDGMENTS:

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

Respectfully submitted,

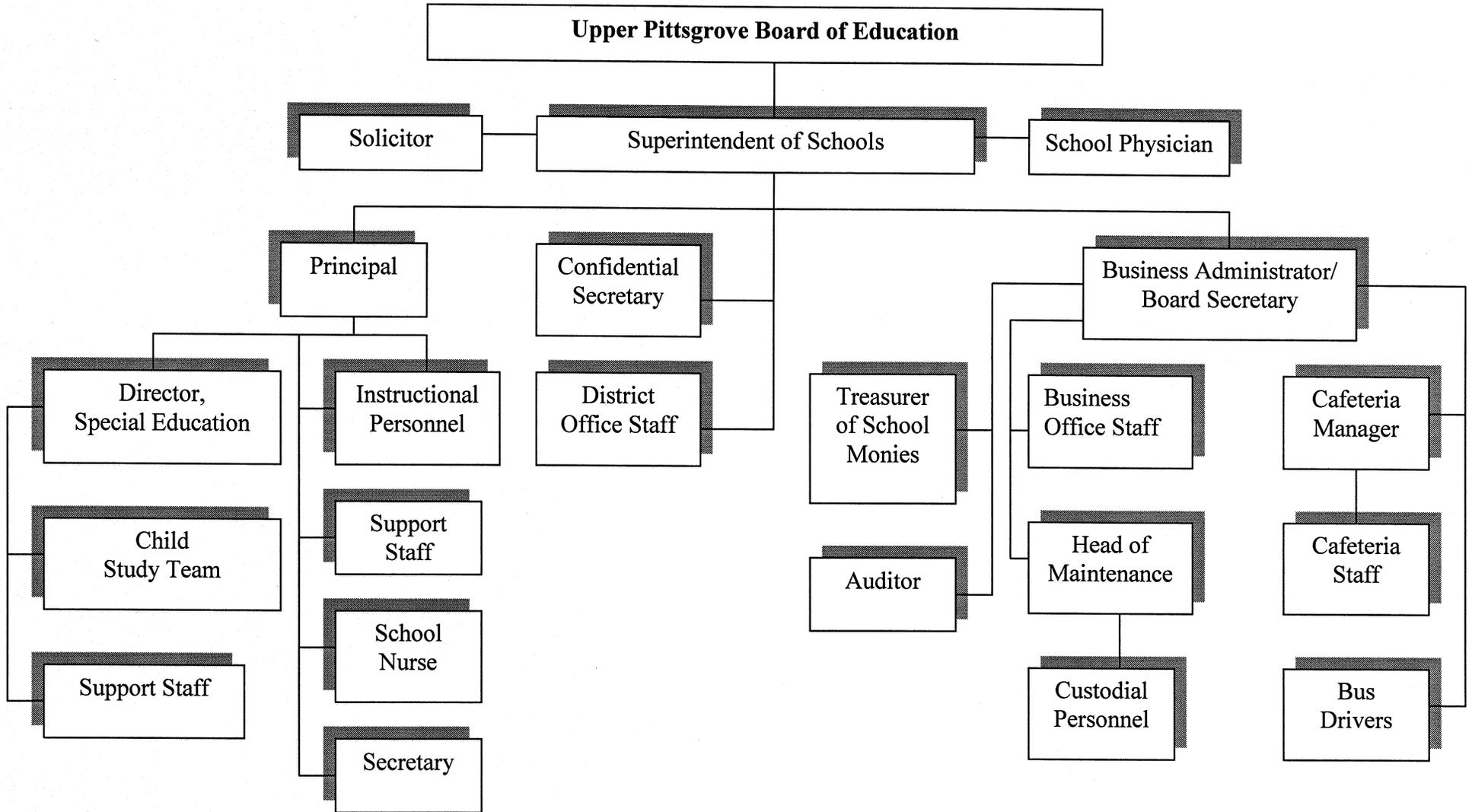


Robert J. Bazzo
Superintendent



Lisa M. DiNovi
Business Administrator/Board Secretary

UPPER PITTSBORO SCHOOL DISTRICT ORGANIZATION CHART



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

ROSTER OF OFFICIALS

JUNE 30, 2013

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Veronica Merriel, President	2013
Jeffrey Krautwald, Vice President	2015
Polly B. Deal	2015
Valerie Hill	2014
Dan Bellisario	2013
William Schermerhorn	2013
Terri Hatchell	2014
Michael Kinney	2014
Michael Reed	2013

OTHER OFFICIALS

Robert J. Bazzel, Superintendent
Lisa M. DiNovi, Business Administrator / Board Secretary
Donna Jones, Treasurer of School Monies

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
COUNTY OF SALEM
MONROEVILLE, NJ

CONSULTANTS AND ADVISORS

ATTORNEY

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

AUDIT FIRM

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

OFFICIAL DEPOSITORY

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

INSURANCE AGENCY

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

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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

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

October 2, 2013

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 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, 2013, which collectively comprise the 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 Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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, 2013, and the respective changes in financial position and cash flows,

where applicable thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

New Accounting Standards

As discussed in Note 2 to the financial statements, during the fiscal year ended June 30, 2013, the School District adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB): Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

The Management Discussion and Analysis and Budgetary Comparison Information on pages 10 through 18 and 48 through 58 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures 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 on or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Upper Pittsgrove Township Board of Education's financial statements as a whole. The introductory section, combining fund financial statements, long-term debt schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by New Jersey OMB's Circular 04-04, ***Single Audit Policy For Recipients of Federal Grants, State Grants and State Aid*** and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, long-term debt schedules and the schedules of federal awards and state assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedure applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 2, 2013 on our consideration of the Upper Pittsgrove Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governments Auditing Standard and should be considered in assessing the results of our audit.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



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

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Upper Pittsgrove Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(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, 2013. Comparative information between the current year (2012-13) and the prior year (2011-12) 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 2013 are as follows:

- Total Net Position increased by \$203,604, attributable to various operating results and adjustments.

- General revenues accounted for \$7,445,102 in revenue or 89.5% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$870,666 or 10.5% percent of the total revenues of \$8,315,768.
- Net Position of governmental activities increased by \$196,702, comprised of changes in various assets and liabilities. The net position of the Business-type Activities increased by \$6,902.
- The School District had \$8,112,164 in total expenses, of which only \$870,666 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily federal awards, state aid and property taxes of \$7,445,102 were adequate to provide for these programs. These revenues and expenses include the Business-type Activities.
- The General Fund had \$7,419,037 in revenues, \$7,493,547 in expenditures. The General Fund's balance decreased by \$74,510 over 2012. This decrease was anticipated by the Board of Education as it constituted the use of surplus to offset expenses.

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

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

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

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

The District may implement four types of funds:

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

The School District as a Whole

Table 1 provides a comparative summary of the School District's Net Position for the years ended in 2013 and 2012.

Table 1
Net Position

	2013	2012
Assets		
Current and Other Assets	\$ 622,861	\$ 647,452
Capital Assets, Net	3,708,141	3,960,993
Total Assets	4,331,002	4,608,445
Liabilities		
Long-term Liabilities	490,250	1,002,450
Other Liabilities	71,895	36,965
Total Liabilities	562,145	1,039,415
Net Position		
Invested in Capital Assets, Net of Debt	3,351,954	3,073,307
Restricted	521,818	558,640
Unrestricted	(104,915)	(62,917)
Total Net Position	\$ 3,768,857	\$ 3,569,030

Table 2 shows the changes in net position from fiscal years 2013 and 2012.

Table 2
Changes in Net Position

	2013	2012
Revenues		
Programs Revenues		
Charges for Services	\$ 133,002	\$ 136,516
Operating Grants and Contributions	737,664	661,006
General Revenues		
Property Taxes	3,872,503	3,878,346
Federal and State Aid-Not Restricted	3,456,959	3,436,320
Other	115,640	153,896
Total Revenues	8,315,768	8,266,084
Program Expenses		
Instruction	2,254,293	2,453,930
Support Services	5,373,456	4,963,803
Interest on Long-Term Debt	23,046	42,144
Other	271,531	240,406
Enterprise	189,838	176,780
Total Expenses	8,112,164	7,877,063
Increase in Net Position	\$ 203,604	\$ 389,021

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 46.6% percent of these revenues for governmental activities. Unrestricted federal, state and local grants accounted for another 41.6% and miscellaneous revenues accounted for the remaining 1.4%. The total cost of services, as shown below, was \$8,112,164. The net cost of all governmental programs and services, which excludes charges for services, operating grants and the enterprise fund was \$7,248,348. Instruction comprises 29.9% 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 2013</u>	<u>Net Cost of Services 2013</u>	<u>Total Cost of Services 2012</u>	<u>Net Cost of Services 2012</u>
Instruction	\$ 2,254,293	\$ 2,173,486	\$ 2,453,930	\$ 2,213,912
Tuition	2,056,917	2,056,917	2,078,585	2,078,585
Pupil and Instructional Staff	529,147	405,063	353,810	349,261
General Administration, School				
Administration, Business	461,176	461,176	479,939	479,939
Operation and Maintenance				
of Facilities	560,265	560,265	444,658	444,658
Pupil Transportation	377,295	377,295	348,789	348,789
Employee Benefits	1,388,656	919,569	1,258,022	894,100
Enterprise Fund	189,838		176,780	
Interest	23,046	23,046	42,144	42,144
Other	271,531	271,531	240,406	240,406
Total Expenses	\$ 8,112,164	\$ 7,248,348	\$ 7,877,063	\$ 7,091,794

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

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

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

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

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

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

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

Business-Type Activities

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

- Revenues exceeded expenses by \$6,850.
- Charges for services represent \$133,002 of revenue as compared to \$136,516 in 2012. This represents amount paid by patrons for daily food services activities. There was also \$52 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 \$63,686 as compared to \$51,717 in 2012.

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 \$8,119,028, expenditures of \$8,193,491. The net change in fund balance for the year was (\$74,463). The District was not able to meet current operating costs, however, there is no urgent need for additional funds.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (including the capital projects fund) for the fiscal year ended June 30, 2013, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2012</u>	<u>Percent Increase/ (Decrease)</u>
Local Sources	\$ 3,988,091	49.12%	\$ (44,078)	-1.09%
State Sources	3,933,806	48.45%	237,889	6.44%
Federal Sources	197,131	2.43%	(152,561)	-43.63%
Total	\$ 8,119,028	100.00%	\$ 41,250	0.51%

The decrease in Local sources is attributed to a decrease in the governmental fund local tax levy of \$5,843 and decreases in other revenue of \$38,235. The increase in State sources is attributed to increased general state aid of \$242,589 combined with lower debt service aid of \$4,700.

The decrease in Federal sources is due to decreases in various grants. In addition, the 2013 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, 2013 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 2012)</u>	<u>Percent Increase/ (Decrease)</u>
Current:				
Instruction	\$ 2,173,486	26.53%	\$ (39,626)	-1.79%
Support Services	5,221,333	63.73%	279,064	5.65%
Capital Outlay	98,728	1.20%	(65,306)	-39.81%
Special Revenues	213,631	2.61%	(39,436)	-15.58%
Debt Service	486,313	5.94%	(10,590)	-2.13%
Total	<u>\$ 8,193,491</u>	<u>100.00%</u>	<u>\$ 124,106</u>	<u>1.54%</u>

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

The increase in undistributed expenditures was due to increases in student related costs of \$55,802, maintenance costs of \$115,607, transportation costs of \$28,506 and employee benefits of \$120,354, offset by decreases in tuition costs of \$21,668, administration costs of \$19,537,.

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

The decrease in special revenues is due to decreased aid from the federal government.

The decrease in debt service of \$10,590 represents principal redeemed and lower interest expense.

General Fund Budgeting Highlights

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

During the course of the fiscal year 2013, 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 \$205,186 in surplus appropriated, would roughly equal expenditures, the actual results for the year show a deficit of (\$64,433) as shown on Exhibit C-1.

- Actual revenues were \$30,928 more than expected due to the increased miscellaneous income, excluding on-behalf pension and social security reimbursements of \$460,347.
- Actual expenditures were \$178,266 less than expected. This also excludes state on-behalf pension and social security reimbursements of \$460,347.

Capital Assets

At the end of the fiscal year 2013, the Governmental Funds of the School District had \$3,708,141 (net of accumulated depreciation) invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal year 2013.

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

	<u>2013</u>
Land	\$ 781,429
Site Improvements	5,247
Transportation Vehicles	232,265
Building and Improvements	2,658,858
Machinery and Equipment	30,342
Totals	<u>\$ 3,708,141</u>

Overall capital assets decreased by \$252,852 from fiscal year 2012 to fiscal year 2013. There were increases of \$21,085 in capital assets by purchase or construction (primarily buildings and improvements, machinery and equipment) during the year under audit. This was offset by depreciation expense of \$273,937 for the year.

Long-Term Debt

At June 30, 2013, the School District had \$490,250 of outstanding debt. Of this amount, \$134,063 is for compensated absences; \$161,187 for capital leases; and \$195,000 for general obligation bonds.

At June 30, 2013, the School District's overall legal debt margin was \$9,619,698 and the unvoted debt margin was \$9,424,698 or 98% 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, 2013

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 433,376	\$ 54,072	\$ 487,448
Cash - Escrow	25,524		25,524
Accounts Receivable			
State and Federal	65,892	3,032	68,924
Other	6,355	45	6,400
Interfund	1,891		1,891
Inventory		4,071	4,071
Restricted Assets			
Capital Reserve Cash	28,603		28,603
Capital Assets, Net (Note 5):	3,691,671	16,470	3,708,141
Total Assets	<u>4,253,312</u>	<u>77,690</u>	<u>4,331,002</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	12,508	5,870	18,378
Insurance Escrow	25,524		25,524
Accrued Interest Payable	2,607		2,607
Unearned Revenue	22,627	2,759	25,386
Non-current Liabilities:			
Due within One Year	145,145		145,145
Due beyond One Year	345,105		345,105
Total Liabilities	<u>553,516</u>	<u>8,629</u>	<u>562,145</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	3,335,484	16,470	3,351,954
Restricted for:			
Capital Reserve	28,603		28,603
Other Purposes	493,215		493,215
Unrestricted	(157,506)	52,591	(104,915)
Total Net Position	<u>\$ 3,699,796</u>	<u>\$ 69,061</u>	<u>\$ 3,768,857</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, 2013

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 1,690,606	\$	\$ 80,807	\$ (1,609,799)	\$	\$ (1,609,799)
Special Education	410,947			(410,947)		(410,947)
Other Instruction	152,740			(152,740)		(152,740)
Support Services:						
Tuition	2,056,917			(2,056,917)		(2,056,917)
Student & Instruction Related Services	529,147		124,084	(405,063)		(405,063)
General Administrative Services	179,550			(179,550)		(179,550)
School Administrative Services	148,177			(148,177)		(148,177)
Central Services	124,949			(124,949)		(124,949)
Admin. Info. Technology	8,500			(8,500)		(8,500)
Plant Operations & Maintenance	560,265			(560,265)		(560,265)
Student Transportation	377,295			(377,295)		(377,295)
Unallocated Employee Benefits	1,388,656		469,087	(919,569)		(919,569)
Unallocated Depreciation Expense	271,531			(271,531)		(271,531)
Interest on Long Term Debt	23,046			(23,046)		(23,046)
Total Governmental Activities	7,922,326		673,978	(7,248,348)		(7,248,348)
Business-type Activities:						
Food Service	150,999	88,063	63,686		750	750
School Care	38,839	44,939			6,100	6,100
Total Business-type Activities	189,838	133,002	63,686		6,850	6,850
Total Primary Government	\$ 8,112,164	\$ 133,002	\$ 737,664	(7,248,348)	6,850	(7,241,498)
General Revenues:						
Local Tax Levy						
General Purpose				3,547,690		3,547,690
Debt Service				324,813		324,813
Unrestricted Aid Federal and State				3,456,959		3,456,959
Interest				3,075		3,075
Tuition Revenue				21,204		21,204
Transportation Revenue				54,703		54,703
Rental				33,758		33,758
Gain on Fixed Asset Disposition						
Miscellaneous				2,848	52	2,900
Total General Revenues and Transfers				7,445,050	52	7,445,102
Change in Net Position				196,702	6,902	203,604
Net Position—Beginning (Restated)				3,503,094	62,159	3,565,253
Net Position—Ending				\$ 3,699,796	\$ 69,061	\$ 3,768,857

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, 2013

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	\$ 433,329	\$	\$ 47	\$ 433,376
Cash - Insurance Escrow	25,524			25,524
Cash Capital Reserve	28,603			28,603
Accounts Receivable				
State	5,521			5,521
Federal		60,371		60,371
Interfund	32,195			32,195
Other	6,355			6,355
Total Assets	\$ 531,527	\$ 60,371	\$ 47	\$ 591,945
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable	\$ 2,818	\$ 9,690	\$	\$ 12,508
Insurance Escrow	25,524			25,524
Unearned Revenue	600	22,027		22,627
Interfunds Payable		30,304		30,304
Total Liabilities	28,942	62,021		90,963
Fund Balance:				
Restricted for:				
Capital Reserve	28,603			28,603
Maintenance Reserve	100,000			100,000
Tuition Reserve - Designated for Subsequent Year's Expenditures	60,000			60,000
Excess Surplus	164,137			164,137
Excess Surplus - Designated for Subsequent Year's Expenditures	165,076			165,076
Committed to:				
Year-End Encumbrances	39,677			39,677
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	4,002			4,002
Unassigned, Reported In:				
General Fund	(58,910)			(58,910)
Special Revenue Fund		(1,650)		(1,650)
Debt Service Fund			47	47
Total Fund Balance	502,585	(1,650)	47	500,982
Total Liabilities and Fund Balance	\$ 531,527	\$ 60,371	\$ 47	

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 \$8,718,949 and the accumulated depreciation of \$5,027,278 (Note 5).	3,691,671
Long-term liabilities, representing accrued interest, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(2,607)
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).	(490,250)
Net Position of Governmental Activities	\$ 3,699,796

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, 2013

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL</u>
REVENUES				
Local sources:				
Local Tax Levy	\$ 3,547,690	\$	\$ 324,813	\$ 3,872,503
Tuition - Preschool	21,204			21,204
Transportation	54,703			54,703
Interest on Investments	2,850			2,850
Interest on Investments - Capital Reserve	225			225
Rental	33,758			33,758
Miscellaneous	2,848			2,848
Total Local Sources	3,663,278		324,813	3,988,091
State Sources	3,755,759	16,500	161,547	3,933,806
Federal Sources		197,131		197,131
Total Revenues	7,419,037	213,631	486,360	8,119,028
EXPENDITURES				
Regular Instruction	1,609,799	80,807		1,690,606
Special Education	410,947			410,947
Other Instruction	152,740			152,740
Support Services and Undistributed Costs:				
Tuition	2,056,917			2,056,917
Student & Instruction Related Services	405,063	124,084		529,147
General Administrative Services	179,550			179,550
School Administrative Services	148,177			148,177
Central Services	124,949			124,949
Admin. Info. Technology	8,500			8,500
Plant Operations & Maintenance	560,265			560,265
Student Transportation	377,295			377,295
Unallocated Employee Benefits	1,360,617	8,740		1,369,357
Capital Outlay	98,728			98,728
Debt Service				
Principal			460,000	460,000
Interest			26,313	26,313
Total Expenditures	7,493,547	213,631	486,313	8,193,491
Excess (Deficiency) of Revenues Over (Under) Expenditures	(74,510)		47	(74,463)
OTHER FINANCING SOURCES (USES)				
Operating Transfer Out - Food Service Fund				
Total Other Financing Sources and Uses				
Net Change in Fund Balances	(74,510)		47	(74,463)
Fund Balance—July 1	577,095	(1,650)		575,445
Fund Balance—June 30	\$ 502,585	\$ (1,650)	\$ 47	\$ 500,982

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, 2013

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (74,463)

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	\$ (271,531)	
Capital Outlay	<u>98,728</u>	
		(172,803)

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

460,000

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.

3,267

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).

(19,299)

Change in Net Position of Governmental Activities (A-2) \$ 196,702

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, 2013

	<u>FOOD SERVICE FUND</u>	<u>SCHOOL CARE</u>	<u>TOTAL</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 21,534	\$ 32,538	\$ 54,072
Accounts Receivable			
State	162		162
Federal	2,870		2,870
Other		45	45
Inventories	4,071		4,071
Total Current Assets	<u>28,637</u>	<u>32,583</u>	<u>61,220</u>
Noncurrent Assets:			
Equipment	138,174		138,174
Less: Accumulated Depreciation	(121,704)		(121,704)
Total Noncurrent Assets	<u>16,470</u>		<u>16,470</u>
Total Assets	<u>45,107</u>	<u>32,583</u>	<u>77,690</u>
LIABILITIES:			
Current Liabilities:			
Due to Management Company	5,870		5,870
Unearned Revenue	2,759		2,759
Total Current Liabilities	<u>8,629</u>		<u>8,629</u>
NET POSITION:			
Unrestricted	36,478	32,583	69,061
Total Net Position	<u>36,478</u>	<u>32,583</u>	<u>69,061</u>
Total Liabilities and Net Position	<u>\$ 45,107</u>	<u>\$ 32,583</u>	<u>\$ 77,690</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, 2013

	<u>FOOD SERVICE FUND</u>	<u>SCHOOL CARE</u>	<u>TOTAL</u>
OPERATING REVENUES			
Local Sources			
Daily Sales			
Reimbursable Programs	\$ 50,049	\$	\$ 50,049
Non-Reimbursable Programs	10,414		10,414
Special Functions	548		548
Program Fees	27,052	44,939	71,991
Total Operating Revenue:	<u>88,063</u>	<u>44,939</u>	<u>133,002</u>
OPERATING EXPENSES			
Labor	54,434	31,321	85,755
Depreciation	2,406		2,406
Cost of Sales	69,873		69,873
Supplies and Materials	6,287	7,218	13,505
Management Fee	8,925		8,925
Other	9,074	300	9,374
Total Operating Expenses	<u>150,999</u>	<u>38,839</u>	<u>189,838</u>
Operating Income (Loss)	<u>(62,936)</u>	<u>6,100</u>	<u>(56,836)</u>
NONOPERATING REVENUES			
State Sources			
State School Lunch Program	1,366		1,366
Federal Sources			
National School Lunch Program	41,449		41,449
School Breakfast Program	6,333		6,333
Food Distribution Program	14,538		14,538
Interest	20	32	52
Total Non-operating Revenues	<u>63,706</u>	<u>32</u>	<u>63,738</u>
Net Income (Loss) Before Operating Transfers	<u>770</u>	<u>6,132</u>	<u>6,902</u>
Change in Net Position	770	6,132	6,902
Total Net Position—Beginning	<u>35,708</u>	<u>26,451</u>	<u>62,159</u>
Total Net Position—Ending	<u>\$ 36,478</u>	<u>\$ 32,583</u>	<u>\$ 69,061</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, 2013

	FOOD SERVICE FUND	SCHOOL CARE	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (62,936)	\$ 6,100	\$ (56,836)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities			
Food Distribution Program	14,538		14,538
Depreciation	2,406		2,406
Change in Assets and Liabilities			
(Increase) Decrease in Inventory	(1,004)		(1,004)
Increase (Decrease) in Receivables	5,107	(45)	5,062
Increase (Decrease) in Unearned Revenue	1,429		1,429
Increase (Decrease) in Payables	317		317
Net Cash Provided (Used) by Operating Activities	<u>(40,143)</u>	<u>6,055</u>	<u>(34,088)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from State and Federal Reimbursements	49,148		49,148
Net Cash Provided (Used) by Noncapital Financing Activities	<u>49,148</u>		<u>49,148</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets			
Net Cash Provided (Used) by Capital and Related Financing Activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	20	32	52
Net Cash Provided (Used) by Investing Activities	<u>20</u>	<u>32</u>	<u>52</u>
Net Increase (Decrease) in Cash and Cash Equivalents	9,025	6,087	15,112
Cash and Cash Equivalents - Beginning of Year	12,509	26,451	38,960
Cash and Cash Equivalents - End of Year	<u>\$ 21,534</u>	<u>\$ 32,538</u>	<u>\$ 54,072</u>

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

FIDUCIARY FUNDS

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	<u>EXPENDABLE TRUST</u>	<u>AGENCY</u>		
	<u>SCHOLARSHIP TRUST</u>	<u>STUDENT ACTIVITY</u>	<u>PAYROLL</u>	<u>TOTAL</u>
ASSETS				
Cash and Cash Equivalents	\$ 392	\$ 15,380	\$ 6,251	\$ 22,023
Investments	15,154	1,789		16,943
Accounts Receivable		451		451
Total Assets	<u>15,546</u>	<u>17,620</u>	<u>6,251</u>	<u>39,417</u>
LIABILITIES				
Interfunds Payable			1,891	1,891
Deductions Payable			4,360	4,360
Accounts Payable	300			300
Due to Student Groups		17,620		17,620
Total Liabilities	<u>300</u>	<u>17,620</u>	<u>6,251</u>	<u>24,171</u>
NET POSITION				
Reserved	15,246			15,246
Total Net Position	<u>\$ 15,246</u>	<u>\$</u>	<u>\$</u>	<u>\$ 15,246</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, 2013

	SCHOLARSHIP TRUST
OPERATING REVENUES	
Local Sources	
Contributions	\$ -
Interest on Investments	47
Total Operating Revenues	<u>47</u>
OPERATING EXPENDITURES	
Awards	600
Total Operating Expenditures	<u>600</u>
Change in Net Position	(553)
Net Position—Beginning of the Year	15,799
Net Position—End of the Year	<u>\$ 15,246</u>

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

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 388 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 THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

New Accounting Standards:

During fiscal year 2013, the district adopted the following GASB statements:

- GASB 62, *Codification of Accounting and Financial reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect in a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.
- GASB 65, *Items Previously reported as Assets and Liabilities*, although not required to be implemented until next year, the District elected to apply the statement to the current year financial statements. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items were previously reported as assets and liabilities and recognize, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

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

- GASB 66, *Technical Corrections-2012, an Amendment of GASB Statements 10 and 62*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions and No. 62, Codification of Accounting and Financial reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.
- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision- useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statement No. 25, *Financial reporting for Deferred Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No.50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

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

New Accounting Standards (Cont'd):

- GASB 68, *Accounting and Financial reporting for Pensions*, will be effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other state entities. This Statement replaces the requirements of Statement No.27, *Accounting for Pension Disclosures, and Local Governmental Employers*, as well as the requirements of Statement No.50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

A. Basis of Presentation:

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

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

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

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses—expenses of the District related to the administration and support of the District's programs, such as personnel and accounting—are not allocated to programs.
- 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.

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

B. Fund Accounting:

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

GOVERNMENTAL FUND TYPE

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

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

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

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.

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

B. Fund Accounting (Cont'd):

PROPRIETARY FUNDS

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

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

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

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

Equipment	12 Years
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FIDUCIARY FUNDS

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

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

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The Board approved \$300 in scholarship awards in 2012-2013.

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

FIDUCIARY FUNDS (CONT'D)

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

C. Basis of Accounting and Measurement Focus:

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

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

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

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

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

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds, 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.

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

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

E. Encumbrances Accounting:

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

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

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

F. Assets, Liabilities and Equity:

Transactions

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

Inventories

On District-Wide Financial Statements and in the Enterprise Fund, inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expensed when used. This includes Federal Commodity Food in the amount of \$2,759. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2013.

Inventory in the Food Service Fund at June 30, 2013 consisted of the following:

Food	\$	3,550
Supplies		<u>521</u>
	\$	<u><u>4,071</u></u>

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

Capital Assets

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

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

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

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.

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

G. Compensated Absences:

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

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

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

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

H. Accrued Liabilities and Long-term Obligations:

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

I. Net 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.

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

K. Operating Revenues and Expenses:

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

L. Allocation of Indirect Expenses:

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

M. Extraordinary and Special Items:

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

N. Management Estimates:

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

O. Unearned Revenue:

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

P. Fund Equity:

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

Q. Comparative Data/Reclassifications:

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

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

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, 2013. As of June 30, 2012, there was \$3,777 in Unamortized Bond Issue Cost and as a result the opening net position has been restated.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>
Checking accounts	\$ 563,751
Certificates of Deposit	16,789
Total	<u>\$ 580,540</u>

Custodial Credit Risk:

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

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

As of June 30, 2013, \$463,985 of the Districts bank balance of \$713,985 was uninsured, exposed to custodial credit risk and collateralized by GUDPA.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 4. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facility Plan (LRFP). Upon submission of the LRFP to the department, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the support costs of uncompleted projects in its approved LRFP. During the 2005-06 school year, \$24,749 was appropriated as an addition to the capital reserve account. In addition, there was \$435 in interest earnings in 2005-06, \$1,133 in 06-07, \$921 in 07-08, \$409 in 08-09, \$225 in 09-10, \$225 in 10-11, \$281 in 2011-12 and \$225 in 12-13, resulting in a balance at June 30, 2013 of \$28,603.

The June 30, 2013 LRFP balance of local support costs of uncompleted capital projects at June 30, 2013 is \$476,319. There were no withdrawals from the capital reserve for use in a DOE approved facilities project during the 2012-13 School Year.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjust- ments</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities					
Land - Capital Assets not Depreciated	\$ 781,429				\$ 781,429
Facility and Improvements	6,743,616				6,743,616
Transportation	564,194	\$ 17,496			581,690
Machinery and Equipment	596,919	3,589		\$ 11,706	612,214
Totals at Historical Cost	7,904,729	21,085		11,706	7,937,520
Less Accumulated Depreciation	(4,744,041)	(271,531)		(11,706)	(5,027,278)
	3,160,688	(250,446)		-	2,910,242
Government Activities - Capital Assets, Net	\$ 3,942,117	\$ (250,446)		\$ -	\$ 3,691,671
Business-type Activities					
Equipment	\$ 138,174				\$ 138,174
Accumulated Depreciation	(119,298)	\$ (2,406)			(121,704)
Business-type Activities Capital Assets, Net	\$ 18,876	\$ (2,406)			\$ 16,470

Depreciation was Charged to Governmental Functions as Follows:

Unallocated	\$ 271,531
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**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 6. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2013, the following changes occurred in long-term obligations:

	Beginning Balance	Additions	Reductions	Adjustments	Ending Balance	Amounts Due within One Year	Long Term Portion
Governmental Activities:							
Bonds payable:							
General obligation debt	\$ 655,000	\$ -	\$ (460,000)	\$ -	\$ 195,000	\$ 60,000	\$ 135,000
Total bonds payable	655,000		(460,000)		195,000	60,000	135,000
Other Liabilities:							
Obligations under							
Capital Leases	232,686		(71,499)		161,187	68,082	93,105
Compensated absences Payable	114,764	19,299			134,063	17,063	117,000
Total other liabilities	\$ 1,002,450	\$ 19,299	\$ (531,499)	\$ -	\$ 490,250	\$ 145,145	\$ 345,105

To A-1

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

Principal and interest due on bonds outstanding is as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 60,000	\$ 7,800	\$ 67,800
2015	65,000	5,400	70,400
2016	70,000	2,800	72,800
	<u>\$ 195,000</u>	<u>\$ 16,000</u>	<u>\$ 211,000</u>

B. Bonds Authorized But Not Issued – As of June 30, 2013, the District had no authorized but not issued bonds.

C. Capital Leases – The District is leasing transportation equipment under capital leases. The leases are for terms of two to five years with interest rates ranging from 4.28% to 5.50%. The following schedule details the future minimum lease payments and the net minimum lease payments at June 30, 2013.

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 39,036	\$ 4,157	\$ 43,193
2015	39,651	3,293	42,944
2016	41,839	2,533	44,372
2017	24,054	1,732	25,786
2018	16,607	979	17,586
	<u>\$ 161,187</u>	<u>\$ 12,694</u>	<u>\$ 173,881</u>

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 7. PENSION PLANS

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

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Significant Legislation - P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

The legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members) decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 7. PENSION PLANS (CONT'D)

Significant Legislation (Cont'd) -

- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost - of - living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

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

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

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/13	\$ 37,064	100%	\$ 37,064
6/30/12	55,789	100%	55,789
6/30/11	53,225	100%	53,225

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

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/13	\$ 295,548	100%	\$ 0
6/30/12	195,219	100%	0
6/30/11	144,765	100%	0

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 7. PENSION PLANS (CONT'D)

Vesting and Benefit Provisions (Continued) – During the fiscal year ended June 30, 2013, the State of New Jersey contributed \$138,706 to the TPAF for pension contributions and \$156,842 in post-retirement benefits and deferred the entire normal contribution on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$164,799 during the year ended June 30, 2013, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund schedules as a revenue and expenditure in accordance with GASB 27.

NOTE 8. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2012, the State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members.

NOTE 9. DEFERRED COMPENSATION

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

Lincoln Investment Planning, Inc. and Oppenheimer Funds

NOTE 10. RISK MANAGEMENT

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

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

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2013:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 32,195	\$
Special Revenue Fund		30,304
Payroll Fund		1,891
Total	\$ 32,195	\$ 32,195

NOTE 12. FUND BALANCE APPROPRIATED

General Fund - Of the \$502,585 General Fund balance at June 30, 2013, \$39,677 is reserved for Encumbrances; \$28,603 has been reserved for Capital Reserve; \$100,000 has been reserved for Maintenance Reserve; \$60,000 has been reserved for Tuition Reserve, of which \$60,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2014; \$329,213 is reserved as Excess Surplus at June 30, 2013, of which \$165,076, has been appropriated and included as anticipated revenue for the year ending June 30, 2014; \$4,002 has been assigned and appropriated and included as anticipated revenue for the year ended June 30, 2014; and (\$58,910) represents deficit in unreserved and Undesignated Fund Balance.

Debt Service Fund – The Debt Service fund had fund balance at June 30, 2013 of \$47.

NOTE 13. CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance -- Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2013 of \$164,137 is to be anticipated in the 2014-15 budget.

NOTE 14. LITIGATION

The District is from time to time involved in claims and lawsuits incidental to its operations. Per confirmation by the District's Solicitor, there is one notice of a tort claim, filed on March 18, 2013 involving a bus accident, of which no civil litigation has been initiated, but a demand of \$10,000,000 has been presented. If a suit materializes, the claim will be presented to the District's Insurance Carrier. Automobile Bodily Injury and Property Damage is covered by insurance in the amount of \$6,000,000. One other previously pending litigation was settled in June of 2013 in the amount of \$40,000.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 15. DEFICIT FUND BALANCES

The District has deficit fund balances of 58,910 in the General Fund and \$1,650 in the Special Revenue Fund, as of June 30, 2013, as reported in the fund statements (modified accrual basis). P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last two state aid payments in the subsequent fiscal year, the district cannot recognize those state aid payments on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the deficits do not alone indicate that the district is facing financial difficulties. There 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 2013.

NOTE 16. OPERATING LEASE

The District had no new operating lease agreements during the 2012-2013 school year.

NOTE 17. RESTATEMENT

As of July 1, 2012, the Upper Pittsgrove Township Board of Education implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities". The Pittsgrove Township Board of Education has determined that the effect of implementing these accounting changes on the financial statements previously reported, as of and for the year ended June 30, 2012, was to eliminate on the District-wide statement of net position, the deferred charge related to debt issuance costs in the amount of \$3,777, with a corresponding reduction in the net investment in the capital asset component of net position. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2012 from \$3,506,871, as originally reported to \$3,503,094 as adjusted for the effects of the change in accounting principle.

End of Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 3,547,690	\$	\$ 3,547,690	\$ 3,547,690	\$
Tuition from Individuals - Preschool	10,000		10,000	21,204	11,204
Tuition from Other LEAs					
Transportation from Other LEAs	47,000		47,000	54,703	7,703
Interest on Investments				2,850	2,850
Interest on Capital Reserve Account	225		225	225	
Rentals	32,600		32,600	33,758	1,158
Miscellaneous				2,848	2,848
Total Local Sources	<u>3,637,515</u>		<u>3,637,515</u>	<u>3,663,278</u>	<u>25,763</u>
State Sources:					
Equalization Aid	2,481,521		2,481,521	2,481,521	
School Choice	163,086		163,086	163,086	
Special Education Aid	292,106		292,106	292,106	
Transportation Aid	313,466		313,466	313,466	
Security Aid	50,145		50,145	50,145	
Nonpublic Transportation Aid				5,165	5,165
On-Behalf TPAF Pension Contribution (non-budgeted)				138,706	138,706
On-Behalf TPAF Postretirement Medical Contribution (non-budgeted)				156,842	156,842
Reimbursed TPAF Social Security (non-budgeted)				164,799	164,799
Total State Sources	<u>3,300,324</u>		<u>3,300,324</u>	<u>3,765,836</u>	<u>465,512</u>
Federal Sources:					
Education Jobs Fund					
TOTAL REVENUES	<u>\$ 6,937,839</u>	<u>\$</u>	<u>\$ 6,937,839</u>	<u>\$ 7,429,114</u>	<u>\$ 491,275</u>

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Adjustments Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Salaries of Teachers:					
Preschool	\$ 33,289	\$ 833	\$ 34,122	\$ 34,122	\$
Kindergarten	145,678	3,178	148,856	148,856	
Grades 1-5	749,034	21,052	770,086	770,086	
Grades 6-8	472,251	35,341	507,592	507,592	
Regular Programs - Home Instruction					
Salaries of Teachers	1,000	2,908	3,908	3,908	
Purchased Professional/Educational Services		2,024	2,024	2,024	
Regular Programs - Undistributed Instruction					
Purchased Technical Services	5,000	(1,734)	3,266	2,760	506
Other Purchased Services	35,400	(4,809)	30,591	29,875	716
General Supplies	85,856	(4,962)	80,894	78,684	2,210
Textbooks	65,000	(33,042)	31,958	31,892	66
Total Regular Programs - Instruction	1,592,508	20,789	1,613,297	1,609,799	3,498
Special Education - Instruction					
Resource Room/Resource Center					
Salaries of Teachers	316,995	(21,058)	295,937	295,937	
Other Salaries for Instruction	89,680	23,601	113,281	113,281	
General Supplies	1,000	3,294	4,294	1,729	2,565
Total Learning and Language Disabilities	407,675	5,837	413,512	410,947	2,565
Total Special Education	407,675	5,837	413,512	410,947	2,565
Basic Skills/Remedial - Instruction					
Salaries of Teachers	110,323	(28,338)	81,985	80,110	1,875
Total Basic Skills/Remedial - Instruction	\$ 110,323	\$ (28,338)	\$ 81,985	\$ 80,110	\$ 1,875

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Adjustments Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES: (Continued)					
Bilingual Education - Instruction					
Salaries of Teachers	\$ 51,589	\$ 1,832	\$ 53,421	\$ 53,410	\$ 11
General Supplies		348	348	348	
Total Bilingual Education - Instruction	51,589	2,180	53,769	53,758	11
School Sponsored Co/Extra-Curricular Activities - Instruction					
Salaries	15,000	2,116	17,116	10,741	6,375
Supplies and Materials	500	251	751	751	
Other Objects		335	335	335	
Total School Sponsored Co/Extra-Curricular Activities	15,500	2,702	18,202	11,827	6,375
School Sponsored Athletic Activities					
Salaries	10,000	(5,432)	4,568	3,716	852
Purchased Services	3,500		3,500	3,103	397
Supplies and Materials	1,500	(130)	1,370	153	1,217
Other Objects	600	(250)	350	73	277
Total School Sponsored Athletic Activities	15,600	(5,812)	9,788	7,045	2,743
Total Instruction	2,193,195	(2,642)	2,190,553	2,173,486	17,067
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State - Regular	1,697,548	37,872	1,735,420	1,735,420	
Tuition to Other LEAs Within State - Special	134,848	(18,977)	115,871	115,871	
Tuition County Voc. School Dist - Regular	22,000	(22,000)			
Tuition to CSSD and Regional Day Schools	147,740	16,386	164,126	161,472	2,654
Tuition to Private Schools/Disabled Within State	43,576	578	44,154	44,154	
Total Undistributed Expenditures - Instruction	2,045,712	13,859	2,059,571	2,056,917	2,654
Attendance and Social Worker Services					
Salaries	11,925	399	12,324	12,323	1
Total Attendance and Social Worker Services	11,925	399	12,324	12,323	1
Health Services					
Salaries	71,889	358	72,247	72,247	
Purchased Professional and Technical Services	4,500	(2,796)	1,704	1,704	
Supplies and Materials	1,500	(185)	1,315	1,254	61
Other Objects		85	85	85	
Total Health Services	\$ 77,889	\$ (2,538)	\$ 75,351	\$ 75,290	\$ 61

UPPER PITTSBURGH TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

EXPENDITURES: (Continued)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Speech, OT, PT and Related Services					
Salaries	\$ 65,389	\$ 1,989	\$ 67,378	\$ 67,378	\$
Purchased Professional/Educational Services	45,000	(8,205)	36,795	22,101	14,694
Total Related Services	110,389	(6,216)	104,173	89,479	14,694
Special Education - Extraordinary Services					
Salaries	63,295	926	64,221	59,061	5,160
Purchased Professional/Educational Services	42,000	(7,350)	34,650	30,415	4,235
Total Extraordinary Services	105,295	(6,424)	98,871	89,476	9,395
Other Support Services Students - Guidance					
Salaries of Other Professional Staff	52,789	11,525	64,314	64,314	
Purchased Professional/Educational Services	750	(250)	500	500	
Supplies and Materials	400	(204)	196	196	
Total Other Support Services Students - Guidance	53,939	11,071	65,010	65,010	
Other Support Services Student - Child Study Team					
Salaries of Secretarial and Clerical Assistants	11,010	427	11,437	11,437	
Purchased Professional/Educational Services		255	255	255	
Other Purchased Professional/Technical Services	2,000	(2,000)			
Supplies and Materials	1,700	1,674	3,374	3,333	41
Total Other Support Services Students - Child Study Team	14,710	356	15,066	15,025	41
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	22,726		22,726	22,726	
Other Salaries		2,063	2,063	2,063	
Total Educational Media/School Library	22,726	2,063	24,789	24,789	
Educational Media Services/School Library					
Salaries	16,829	(3,926)	12,903	12,903	
Purchased Professional and Technical Services	2,000	(232)	1,768	1,768	
Supplies and Materials	4,200	1,339	5,539	5,462	77
Total Educational Media/School Library	\$ 23,029	\$ (2,819)	\$ 20,210	\$ 20,133	\$ 77

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Instructional Staff Training Services					
Other Prof/Tech Services	\$	\$	\$	\$	\$
Purchased professional- Educational Services	13,000	(3,140)	9,860	9,860	
Other Purchased Services (400-500 series)	5,000	(1,112)	3,888	3,678	210
Total Instructional Staff Training Services	18,000	(4,252)	13,748	13,538	210
Support Services General Administration					
Salaries	42,374	1,056	43,430	43,430	
Legal Services	10,000	(3,621)	6,379	4,449	1,930
Audit Fees	13,000		13,000	13,000	
Other Purchased Professional Services	96,500	(9,589)	86,911	85,150	1,761
Purchased Technical Services	3,000	(1,890)	1,110	1,110	
Communications/Telephone	20,440	(5,242)	15,198	12,615	2,583
BOE Other Purchased Services	12,542	(12,542)			
Misc Purchased Services (400-500) [Other then 530&585]		12,112	12,112	11,685	427
General Supplies	2,500	2,464	4,964	1,987	2,977
BOE Membership Dues and Fees	6,000	124	6,124	6,124	
Total Support Services General Administration	206,356	(17,128)	189,228	179,550	9,678
Support Services School Administration					
Salaries of Principals/Assistant Principals	90,904		90,904	90,904	
Salaries of Secretarial and Clerical Assistants	43,719	420	44,139	44,139	
Other Salaries	3,000	(2,913)	87	(300)	387
Purchased Prof. And Tech. Services	6,274	2,700	8,974	6,974	2,000
Other Purchased Services		2,000	2,000	2,000	
Supplies and Materials	2,500	2,828	5,328	2,001	3,327
Other Objects	1,200	1,369	2,569	2,459	110
Total Support Service School Administration	147,597	6,404	154,001	148,177	5,824
Central Services					
Salaries					
Purchased Professional Services	104,000		104,000	104,000	
Purchased Technical Services	10,000	2,999	12,999	12,999	
Supplies and Materials	3,000	(547)	2,453	1,900	553
Interest on Lease Purchase Agreement	4,701	1,349	6,050	6,050	
Miscellaneous Expenditures	150	(150)			
Total Central Services	121,851	3,651	125,502	124,949	553
Admin. Info. Technology					
Salaries	\$	\$	\$	\$	\$
		8,500	8,500	8,500	

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

EXPENDITURES: (Continued)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Required Maintenance of School Facilities					
Cleaning, Repair and Maintenance Services	\$ 112,172	\$ (70,542)	\$ 41,630	\$ 41,357	\$ 273
General Supplies	1,500	196	1,696	1,696	
Other Objects		166	166	166	
Total Required Maintenance of School Facilities	113,672	(70,180)	43,492	43,219	273
Undistributed Expenditures - Custodial Services					
Salaries	156,253	10,893	167,146	166,120	1,026
Cleaning, Repair and Maintenance Services	46,000	51,436	97,436	97,348	88
Insurance	42,228	(5,928)	36,300	36,300	
General Supplies	20,000	78,600	98,600	97,914	686
Energy - Natural Gas	5,000	(1,563)	3,437	3,437	
Energy - Electricity	127,600	(11,673)	115,927	115,927	
Total Undist. Expend - Custodial Services	397,081	121,765	518,846	517,046	1,800
Total Other Operations and Maintenance of Plant Services	510,753	51,585	562,338	560,265	2,073
Student Transportation Services					
Salaries for Pupil Trans (Between Home/School) - Regular	130,614	17,189	147,803	147,803	
Salaries for Pupil Trans (Between Home/School) - Special	19,869	2,517	22,386	22,270	116
Salaries for Pupil Trans (Other than Between Home/School)		6,718	6,718	2,178	4,540
Cleaning, Repair and Maintenance Services	40,000	(5,680)	34,320	32,543	1,777
Lease Purchase Payments - School Buses	6,803		6,803	6,803	
Contract Services (Between Home/School)-Jointure		7,242	7,242	7,242	
Contract Services (Special Education Stds)-Joint Agrmts	34,200	(9,972)	24,228	19,225	5,003
Contract Services (Special Education Stds)-ESCs & CTSAs	46,500	(12,835)	33,665	33,156	509
Contract Services-Aid in Lieu Payments-Non Public School	30,940	(4,602)	26,338	22,984	3,354
Miscellaneous Purchased Services - Transportation	3,500	8,194	11,694	11,694	
General Supplies	80,400	515	80,915	71,397	9,518
Total Student Transportation Services	\$ 392,826	\$ 9,286	\$ 402,112	\$ 377,295	\$ 24,817

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Employee Benefits					
Social Security Contributions	\$ 61,000	\$	\$ 61,000	\$ 60,464	\$ 536
Other Retirement Contributions - PERS	67,874	(13,337)	54,537	54,537	
Unemployment Compensation	15,000	(124)	14,876	8,054	6,822
Workmen's Compensation	47,521	(17,333)	30,188	30,188	
Health Benefits	799,080	13,444	812,524	737,502	75,022
Tuition Reimbursements	12,000	1,113	13,113	5,008	8,105
Other Employee Benefits	2,500	2,017	4,517	4,517	
Total Employee Benefits	1,004,975	(14,220)	990,755	900,270	90,485
On-Behalf TPAF Pension Contribution (non-budgeted)				138,706	(138,706)
On-Behalf TPAF Postretirement Contribution (non-budgeted)				156,842	(156,842)
Reimbursed TPAF Social Security (non-budgeted)				164,799	(164,799)
Total On-Behalf Contributions				460,347	(460,347)
Total Undistributed Expenditures	4,867,972	53,577	4,921,549	5,221,333	(299,784)
Total Expenditures - Current Expense	7,061,167	50,935	7,112,102	7,394,819	(282,717)
Capital Outlay					
Increase in Capital Reserve	225		225		225
Equipment					
Undistributed Expenditures:					
Central Services - Equipment	4,000		4,000	3,589	411
Custodial Services		17,496	17,496	17,496	
Lease Purchase Agreements - Principal - School Busses	58,603	10	58,613	58,613	
Lease Purchase Agreements - Principal	12,886		12,886	12,886	
Total Equipment	75,714	17,506	93,220	92,584	636
Facilities Acquisitions and Construction Services					
Assessment for Debt Service on SDA Funding	6,144		6,144	6,144	
Total Facilities Acquisitions and Construction Services	6,144		6,144	6,144	
Assets Acquired Under Capital Leases (non-budgeted)					
Undistributed Expenditures					
Total Assets Acquired Under Capital Leases (non-budgeted)					
Total Capital Outlay	81,858	17,506	99,364	98,728	636
Total Expenditures	\$ 7,143,025	\$ 68,441	\$ 7,211,466	\$ 7,493,547	\$ (282,081)

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<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	\$ (205,186)	\$ (68,441)	\$ (273,627)	\$ (64,433)	\$ 209,194
Other Financing Sources (Uses):					
Total Other Financing Sources (Uses)					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(205,186)	(68,441)	(273,627)	(64,433)	209,194
Fund Balances, July 1	881,093		881,093	881,093	
Fund Balances, June 30	\$ 675,907	\$ (68,441)	\$ 607,466	\$ 816,660	\$ 209,194

RECAPITULATION :

Fund Balances

Restricted for:

Capital Reserve	\$ 28,603
Maintenance Reserve	100,000
Tuition Reserve - Designated for Subsequent Year's Expenditures	60,000
Excess Surplus	164,137
Excess Surplus - Designated for Subsequent Year's Expenditures	165,076

Committed to:

Year - End Encumbrances	39,677
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Assigned Fund Balance - Designated for Subsequent Year's Expenditures	4,002
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Unassigned Fund Balance	255,165
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816,660

Reconciliation to Governmental Funds Statements (GAAP):

Last State Aid Payment not Recognized on GAAP Basis	(314,075)
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Fund Balance per Governmental Funds (GAAP)	\$ 502,585
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UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES					
Federal Sources	\$ 160,907	\$ 58,251	\$ 219,158	\$ 219,158	\$
State Sources		16,500	16,500	16,500	
Total Revenues	<u>160,907</u>	<u>74,751</u>	<u>235,658</u>	<u>235,658</u>	
EXPENDITURES					
Instruction					
Salaries of Teachers	56,164	4,036	60,200	60,200	
Purchased Prof/Technical Services	3,225	16,625	19,850	19,850	
Other Purchased Services		8,961	8,961	8,961	
Supplies and Materials		13,823	13,823	13,823	
Total Instruction	<u>59,389</u>	<u>43,445</u>	<u>102,834</u>	<u>102,834</u>	
Support Services					
Personal Services - Employee Benefits		8,740	8,740	8,740	
Purchased Prof/Technical Services	101,518	22,566	124,084	124,084	
Total Support Services	<u>101,518</u>	<u>31,306</u>	<u>132,824</u>	<u>132,824</u>	
Facilities Acquisition and Construction Services					
Instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	<u>160,907</u>	<u>74,751</u>	<u>235,658</u>	<u>235,658</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
BUDGET-TO-GAAP RECONCILIATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**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] \$	7,429,114	[C-2] \$	235,658
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, 2012				
Encumbrances: June 30, 2013				(22,027)
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		303,998		1,650
State aid payment recognized for budgetary purposes, not recognized for GAAP statements		(314,075)		(1,650)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$	7,419,037	[B-2] \$	213,631
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$	7,493,547	[C-2] \$	235,658
Differences - Budget to GAAP:				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.				
Encumbrances: June 30, 2012				
Encumbrances: June 30, 2013				
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$	7,493,547	[B-2] \$	235,658

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, 2013
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)

	NCLB		I.D.E.A. PART B		SUBTOTAL PER E-1(2)	TOTAL	
	TITLE I PART A 2012-13	TITLE II PART A 2012-13	BASIC	PRE- SCHOOL		2013	2012
REVENUES							
Federal Sources	\$ 45,131	\$ 8,240	\$ 125,945	\$ 4,016	\$ 35,826	\$ 219,158	\$ 179,858
State Sources					16,500	16,500	
Total Revenues	45,131	8,240	125,945	4,016	52,326	235,658	179,858
EXPENDITURES							
Instruction							
Salaries of Teachers	37,500	6,200			16,500	60,200	38,500
Purchased Professional/Technical Services					19,850	19,850	115,500
Other Purchased Services			8,961			8,961	15,429
Supplies and Materials	131	800			12,892	13,823	792
Total Instruction	37,631	7,000	8,961		49,242	102,834	170,221
Support Services							
Personal Services - Employee Benefits	7,500	1,240				8,740	7,700
Purchased Professional/Technical Services			116,984	4,016	3,084	124,084	1,937
Other Purchased Services							
Total Support Services	7,500	1,240	116,984	4,016	3,084	132,824	9,637
Facilities Acquisition							
Instructional Equipment							
Total Facilities Acquisition							
Total Expenditures	\$ 45,131	\$ 8,240	\$ 125,945	\$ 4,016	\$ 52,326	\$ 235,658	\$ 179,858

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)

	<u>PRESCHOOL EDUCATION</u>	<u>RTTT 2012-13</u>	<u>REAP MONIES</u>	<u>TITLE II PART D C/O</u>	<u>TOTAL</u>
REVENUES					
Federal Sources	\$	\$	\$	\$	\$
State Sources	16,500	3,084	32,639	103	35,826
Total Revenues	<u>16,500</u>	<u>3,084</u>	<u>32,639</u>	<u>103</u>	<u>52,326</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	16,500				16,500
Purchased Professional/Technical Services			19,850		19,850
Other Purchased Services					
Supplies and Materials			12,789	103	12,892
Total Instruction	<u>16,500</u>		<u>32,639</u>	<u>103</u>	<u>49,242</u>
Support Services					
Personal Services - Employee Benefits					
Purchased Professional/Technical Services		3,084			3,084
Other Purchased Services					
Total Support Services		<u>3,084</u>			<u>3,084</u>
Facilities Acquisition					
Instructional Equipment					
Total Facilities Acquisition					
Total Expenditures	\$ <u>16,500</u>	\$ <u>3,084</u>	\$ <u>32,639</u>	\$ <u>103</u>	\$ <u>52,326</u>

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<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 2012-13 Preschool Education Aid Allocation	\$ 16,500	(1)
Add: Actual ECPA Carryover (June 30, 2012)		(2)
Add: Budgeted Transfer from General Fund 2012-13		(3)
		<u> </u>
Total Preschool Education Aid Funds Available for 2012-13 Budget	16,500	(4)
Less: 2012-13 Budgeted Preschool Education Aid and Prior Year Budgeted (Carryover)	(16,500)	(5)
		<u> </u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2013	-	(6)
Add: June 30, 2013 Unexpended Preschool Education Aid		(7)
2012-13 Carryover - Preschool Education Aid	\$ -	(8)
		<u> </u>
2012-13 Preschool Education Aid Carryover Budgeted for Preschool Programs 2013-14	\$ -	(9)
		<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, 2013 AND 2012

	<u>FOOD SERVICE FUND</u>		<u>SCHOOL CARE</u>		<u>TOTAL</u>	
					<u>2013</u>	<u>2012</u>
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$	21,534	\$	32,538	\$	54,072
Accounts Receivable						
State		162				162
Federal		2,870				2,870
Other			45			45
Inventories		4,071				4,071
Total Current Assets		28,637		32,583		61,220
Fixed Assets						
Equipment		138,174				138,174
Accumulated Depreciation		(121,704)				(121,704)
Total Fixed Assets		16,470				16,470
Total Assets	\$	45,107	\$	32,583	\$	77,690
LIABILITIES						
Current Liabilities						
Due to Management Company	\$	5,870	\$		\$	5,870
Unearned Revenue		2,759				2,759
Total Liabilities		8,629				8,629
NET POSITION						
Unrestricted		36,478		32,583		69,061
Total Net Position		36,478		32,583		69,061
Total Liabilities and Fund Equity	\$	45,107	\$	32,583	\$	77,690

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

	FOOD SERVICE FUND	SCHOOL CARE	TOTAL	
			2013	2012
OPERATING REVENUES				
Local Sources				
Daily Sales				
Reimbursable Programs	\$ 50,049	\$	\$ 50,049	\$ 59,008
Non-Reimbursable Programs	10,414		10,414	8,137
Special Functions	548		548	521
Program Fees	27,052	44,939	71,991	68,850
Total Operating Revenue	88,063	44,939	133,002	136,516
OPERATING EXPENSES				
Labor	54,434	31,321	85,755	83,384
Depreciation	2,406		2,406	2,406
Cost of Sales	69,873		69,873	56,638
Supplies and Materials	6,287	7,218	13,505	15,164
Management Fee	8,925		8,925	8,713
Other	9,074	300	9,374	10,475
Total Operating Expenses	150,999	38,839	189,838	176,780
Operating Income (Loss)	(62,936)	6,100	(56,836)	(40,264)
NON-OPERATING REVENUES				
State Sources				
State School Lunch Program	1,366		1,366	1,424
Federal Sources				
National School Lunch Program	41,449		41,449	40,120
School Breakfast Program	6,333		6,333	
Food Distribution Program	14,538		14,538	10,173
Interest	20	32	52	73
Total Non-Operating Revenues	63,706	32	63,738	51,790
Net Income (Loss) Before Operating Transfers	770	6,132	6,902	11,526
Operating Transfer from General Fund				
Net (Loss) Income	770	6,132	6,902	11,526
Net Position - July 1	35,708	26,451	62,159	50,633
Net Position - June 30	\$ 36,478	\$ 32,583	\$ 69,061	\$ 62,159

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2013 AND 2012

	<u>FOOD SERVICE FUND</u>	<u>SCHOOL CARE</u>	<u>TOTAL</u>	
			<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities				
Operating Income (Loss)	\$ (62,936)	\$ 6,100	\$ (56,836)	\$ (40,264)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities				
Food Distribution Program	14,538		14,538	10,173
Depreciation	2,406		2,406	2,406
Change in Assets and Liabilities				
(Increase) Decrease in Inventory	(1,004)		(1,004)	(1,439)
(Increase) Decrease in Accounts Receivable	5,107	(45)	5,062	2,526
Increase (Decrease) in Unearned Revenue	1,429		1,429	977
Increase (Decrease) in Payables	317		317	(16,698)
Net Cash Provided (Used) by Operating Activities	(40,143)	6,055	(34,088)	(42,319)
Cash Flows from Noncapital Financing Activities				
Cash Received from State and Federal Reimbursements	49,148		49,148	41,544
Operating Transfer from General Fund				
Prior Year Revenue Adjustment				
Net Cash Provided (Used) by Noncapital Financing Activities	49,148		49,148	41,544
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets				
Net Cash Provided (Used) by Capital and Related Financing Activities				
Cash Flows from Investing Activities				
Interest on Investments	20	32	52	73
Net Cash Provided (Used) by Investing Activities	20	32	52	73
Net Increase (Decrease) in Cash and Cash Equivalents	9,025	6,087	15,112	(702)
Cash and Cash Equivalents - July 1	12,509	26,451	38,960	39,662
Cash and Cash Equivalents - June 30	\$ 21,534	\$ 32,538	\$ 54,072	\$ 38,960

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, 2013
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)

	<u>AGENCY</u>			<u>TOTAL</u>	
	<u>SCHOLARSHIP TRUST</u>	<u>STUDENT ACTIVITY</u>	<u>PAYROLL</u>	<u>2013</u>	<u>2012</u>
ASSETS					
Cash and Cash Equivalents	\$ 392	\$ 15,380	\$ 6,251	\$ 22,023	\$ 23,424
Investments	15,154	1,789		16,943	16,769
Accounts Receivable		451		451	
Total Assets	<u>15,546</u>	<u>17,620</u>	<u>6,251</u>	<u>39,417</u>	<u>40,193</u>
LIABILITIES					
Due to General Fund			1,891	1,891	4,083
Deductions Payable			4,360	4,360	4,626
Accounts Payable	300				
Due to Student Groups		17,620		17,620	15,685
Total Liabilities	<u>300</u>	<u>17,620</u>	<u>6,251</u>	<u>23,871</u>	<u>24,394</u>
NET POSITION					
Reserved	15,246			15,246	15,799
Total Net Position	<u>\$ 15,246</u>	<u>\$</u>	<u>\$</u>	<u>\$ 15,246</u>	<u>\$ 15,799</u>

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SCHOLARSHIP TRUST
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

OPERATING REVENUES

Local Sources	
Contributions	\$
Interest on Investments	47
	<hr/>
Total Operating Revenue	47
	<hr/>

OPERATING EXPENDITURES

Awards	600
	<hr/>
Total Operating Expenditures	600
	<hr/>
Change in Net Position	(553)
Net Position - July 1, 2012	15,799
	<hr/>
Net Position - June 30, 2013	\$ 15,246
	<hr/> <hr/>

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Accounts</u> <u>Payable</u>	<u>Balance</u> <u>June 30, 2013</u>
ASSETS					
Cash and Cash Equivalents	\$ 13,916	\$ 33,278	\$ 31,814	\$	\$ 15,380
Certificates of Deposit	1,769	20			1,789
Accounts Receivable		451			451
Total Assets	<u>\$ 15,685</u>	<u>\$ 33,749</u>	<u>\$ 31,814</u>	<u>\$ -</u>	<u>\$ 17,620</u>
LIABILITIES					
Accounts Payable	\$ 15,685	\$ 33,749	\$ 31,814	\$	\$ 17,620
Due to Student Groups					
Total Liabilities	<u>\$ 15,685</u>	<u>\$ 33,749</u>	<u>\$ 31,814</u>	<u>\$</u>	<u>\$ 17,620</u>

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
ASSETS				
Cash and Cash Equivalents	\$ 8,709	\$ 3,256,690	\$ 3,259,148	\$ 6,251
Total Assets	<u>\$ 8,709</u>	<u>\$ 3,256,690</u>	<u>\$ 3,259,148</u>	<u>\$ 6,251</u>
LIABILITIES				
Interfunds Payable	\$ 4,083	\$ 1,891	\$ 4,083	\$ 1,891
Net Payroll				
Payroll Deductions and Withholdings	<u>4,626</u>	<u>3,254,799</u>	<u>3,255,065</u>	<u>4,360</u>
Total Liabilities	<u>\$ 8,709</u>	<u>\$ 3,256,690</u>	<u>\$ 3,259,148</u>	<u>\$ 6,251</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 PITTSBURGH TOWNSHIP SCHOOL DISTRICT
LONG TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>ANNUAL MATURITIES DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE JUNE 30, 2012</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE June 30, 2013</u>
Refunding School Bonds	11/25/98	\$ 3,945,000			4.34%	\$ 400,000	\$	\$ 400,000	\$ 0
Various Repairs and Renovations	3/1/04	\$ 625,000	3/1/14	\$ 60,000	4.00%	255,000		60,000	195,000
			3/1/15	65,000					
			3/1/16	70,000					
						<u>\$ 655,000</u>	<u>\$</u>	<u>\$ 460,000</u>	<u>\$ 195,000</u>

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<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	\$ 324,813	\$	\$ 324,813	\$ 324,813	\$
Total Local Sources	<u>324,813</u>		<u>324,813</u>	<u>324,813</u>	
State Sources					
Debt Service Aid	<u>161,547</u>		<u>161,547</u>	<u>161,547</u>	
Total State Sources	<u>161,547</u>		<u>161,547</u>	<u>161,547</u>	
Total Revenues	<u>486,360</u>		<u>486,360</u>	<u>486,360</u>	
EXPENDITURES					
Regular Debt Service					
Interest	26,313		26,313	26,313	
Redemption of Principal	<u>460,000</u>		<u>460,000</u>	<u>460,000</u>	
Total Regular Debt Service	<u>486,313</u>		<u>486,313</u>	<u>486,313</u>	
Total Expenditures	<u>486,313</u>		<u>486,313</u>	<u>486,313</u>	
Excess (Deficiency) of Revenue Over (Under) Expenditures	47		47	47	
Other Financing Sources (Uses)					
Fund Balance - July 1, 2012					
Fund Balance - June 30, 2013	<u>\$ 47</u>	<u>\$</u>	<u>\$ 47</u>	<u>\$ 47</u>	<u>\$</u>

STATISTICAL SECTION

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 166,539	\$ 996,454	\$ 1,366,759	\$ 1,794,816	\$ 1,924,706	\$ 2,142,303	\$ 2,386,905	\$ 2,681,839	\$ 3,054,431	\$ 3,335,484
Restricted	629,170	986,097	476,278	145,399	98,804	210,900	413,308	576,300	558,640	521,818
Unrestricted	15,495	(74,298)	(77,164)	56,612	5,307	(94,932)	(127,644)	(128,763)	(106,200)	(157,506)
Total Governmental Activities Net Position	\$ 811,204	\$ 1,908,253	\$ 1,765,873	\$ 1,996,827	\$ 2,028,817	\$ 2,258,271	\$ 2,672,569	\$ 3,129,376	\$ 3,506,871	\$ 3,699,796
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 55,412	\$ 49,916	\$ 52,724	\$ 44,238	\$ 30,445	\$ 22,378	\$ 17,405	\$ 21,282	\$ 18,876	\$ 16,470
Restricted										
Unrestricted	67,274	98,403	52,240	22,192	11,217	16,381	10,334	29,351	43,283	52,591
Total Business-Type Activities Net Position	\$ 122,686	\$ 148,319	\$ 104,964	\$ 66,430	\$ 41,662	\$ 38,759	\$ 27,739	\$ 50,633	\$ 62,159	\$ 69,061
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 221,951	\$ 1,046,370	\$ 1,419,483	\$ 1,839,054	\$ 1,955,151	\$ 2,164,681	\$ 2,404,310	\$ 2,703,121	\$ 3,073,307	\$ 3,351,954
Restricted	629,170	986,097	476,278	145,399	98,804	210,900	413,308	576,300	558,640	521,818
Unrestricted	82,769	24,105	(24,924)	78,804	16,524	(78,551)	(117,310)	(99,412)	(62,917)	(104,915)
Total District-Wide Net Position	\$ 933,890	\$ 2,056,572	\$ 1,870,837	\$ 2,063,257	\$ 2,070,479	\$ 2,297,030	\$ 2,700,308	\$ 3,180,009	\$ 3,569,030	\$ 3,768,857

Source: CAFR Schedule A-1

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 1,457,639	1,727,221	1,406,014	1,563,390	1,629,796	1,607,999	1,714,229	1,613,172	1,877,092	1,690,606
Special Education	472,109	431,522	340,686	339,636	363,080	356,273	377,818	411,831	417,478	410,947
Other Special Education	35,177	73,152	135,989	155,123	187,018	147,793	132,971	143,205	159,360	152,740
Support Services										
Tuition	2,162,816	2,071,153	1,776,065	1,906,303	2,229,523	2,031,193	2,084,793	1,996,070	2,078,585	2,056,917
Student and Instruction Related Services	520,835	345,134	443,024	452,727	364,290	516,604	548,251	487,681	353,810	529,147
General Administrative Services	454,845	162,389	213,357	202,363	196,482	192,050	194,566	180,532	180,090	179,550
School Administrative Services	94,437	177,456	138,108	143,106	144,521	149,339	161,760	161,643	171,161	148,177
Central Services and Administrative Info. Tech.		158,946	111,705	136,596	114,946	123,709	128,008	121,797	119,188	133,449
Plant Operations and Maintenance	392,930	453,763	447,582	386,380	364,438	380,310	375,098	397,715	444,658	560,265
Pupil Transportation	437,373	475,552	376,033	411,650	435,180	370,171	369,543	334,941	348,789	377,295
Unallocated Employee Benefits			1,058,760	1,228,944	1,291,098	1,114,385	1,119,872	1,126,101	1,258,022	1,388,656
Unallocated Depreciation Expense			193,609	207,634	232,493	232,580	229,904	234,465	237,739	271,531
Interest on Long-Term Debt	150,105	154,133	139,757	124,638	108,844	92,399	75,130	64,488	42,144	23,046
Amortization of Debt Issue Costs			2,667	2,667	2,667	2,667	2,667	2,666	2,667	
Total Governmental Activities Expenses	6,178,266	6,230,421	6,783,356	7,261,157	7,664,376	7,317,472	7,514,610	7,276,307	7,690,783	7,922,326
Business-Type Activities										
Food Service										
School Care	132,032	138,134	130,650	121,606	126,633	123,612	122,974	150,999	89,050	150,999
				26,925	24,985	30,654	33,165	38,839	47,466	38,839
Total Business-Type Activities Expense	132,032	138,134	130,650	148,531	151,618	154,266	156,139	189,838	136,516	189,838
Total District Expenses	\$ 6,310,298	6,368,555	6,914,006	7,409,688	7,815,994	7,471,738	7,670,749	7,466,145	7,827,299	8,112,164
Program Revenues										
Governmental Activities										
Charges for Services										
Instruction (Tuition)	\$	7,500								
Pupil Transportation	10,000	45,669								
Operating Grants and Contributions	981,469	214,944	238,343	780,666	761,526	531,570	606,172	566,557	609,289	673,978
Total Governmental Activities Program Revenues	991,469	268,113	238,343	780,666	761,526	531,570	606,172	566,557	609,289	673,978
Business-Type Activities										
Charges for Services										
Food Service	94,962	128,699	67,178	61,121	63,707	70,786	69,766	90,236	89,050	88063
School Care			29,831	28,514	30,861	33,410	33,014	43,240	47,466	44939
Operating Grants and Contributions	36,762	34,829	29,404	40,006	37,977	47,130	46,829	40,589	51,717	63686
Total Business-Type Activities Program Revenues	131,724	163,528	126,413	129,641	132,545	151,326	149,609	174,065	188,233	196,688
Total District Program Revenues	\$ 1,123,193	431,641	364,756	910,307	894,071	682,896	755,781	740,622	797,522	870,666
Net (Expense)/Revenue										
Governmental Activities	\$ (5,186,797)	(5,962,308)	(6,545,013)	(6,480,491)	(6,902,850)	(6,785,902)	(6,908,438)	(6,709,750)	(7,081,494)	(7,248,348)
Business-Type Activities	(308)	25,394	(4,237)	(18,890)	(19,073)	(2,940)	(6,530)	(15,773)	51,717	6,850
Total District-Wide Net Expense	\$ (5,187,105)	(5,936,914)	(6,549,250)	(6,499,381)	(6,921,923)	(6,788,842)	(6,914,968)	(6,725,523)	(7,029,777)	(7,241,498)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes Levied for General Purposes, Net	\$ 2,452,064	2,564,453	2,737,984	2,863,480	3,135,382	3,260,797	3,477,394	3,547,690	3,547,690	3547690
Taxes Levied for Debt Service	227,414	291,924	297,588	301,076	296,338	295,169	301,906	335,168	330,656	324813
Unrestricted Grants and Contributions	2,687,781	4,153,417	3,597,814	3,247,766	3,423,550	3,329,619	3,423,393	3,171,541	3,436,320	3456959
Investment Earnings	15,375	17,815	15,740	16,826	15,733	4,540	2,255	3,090	2,930	3075
Tuition and Transportation Revenue				92,200	59,057	89,031	96,258	73,129	102,179	75907
Miscellaneous Income	27,487	31,748	201,511	25,543	44,763	36,200	31,151	41,695	48,714	36605.96
Fixed Asset Adjustment							(9,621)	(5,756)		
Transfers and Other Adjustments			(448,004)	164,554	(39,983)					
Total Governmental Activities	5,410,121	7,059,357	6,402,633	6,711,445	6,934,840	7,015,356	7,322,736	7,166,557	7,468,489	7,445,050
Business-Type Activities										
Transfer and Other Adjustments										
Investment Earnings	652	239	(39,720)	(20,000)	(5,724)		(4,512)	5,816	73	52
			602	356	29	37	22			
Total Business-Type Activities	652	239	(39,118)	(19,644)	(5,695)	37	(4,490)	5,816	73	52
Total District-Wide	\$ 5,410,773	7,059,596	6,363,515	6,691,801	6,929,145	7,015,393	7,318,246	7,172,373	7,468,562	7,445,102
Change in Net Position										
Governmental Activities	\$ 223,324	1,097,049	(142,380)	230,954	31,990	229,454	414,298	456,807	386,995	196,702
Business-Type Activities	344	25,633	(43,355)	(38,534)	(24,768)	(2,903)	(11,020)	(9,957)	51,790	6,902
Total District-Wide	\$ 223,668	1,122,682	(185,735)	192,420	7,222	226,551	403,278	446,850	438,785	203,604

Source: CAFR Schedule A-2

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 94,553	\$ 436,271	\$ 458,178	\$ 164,431	\$ 71,776	\$ 211,780	\$ 482,484	\$ 599,216	\$ 567,091	\$ 561,542
Unreserved	132,364	37,997	(17,268)	112,640	112,690	9,026	(67,270)	(30,514)	(49,996)	(58,910)
Total General Fund	<u>\$ 226,917</u>	<u>\$ 474,268</u>	<u>\$ 440,910</u>	<u>\$ 277,071</u>	<u>\$ 184,466</u>	<u>\$ 220,806</u>	<u>\$ 415,214</u>	<u>\$ 568,702</u>	<u>\$ 517,095</u>	<u>\$ 502,632</u>
All Other Governmental Funds										
Reserved	\$ 530,786	\$ 549,826	\$ 61,653	\$	\$	\$	\$	\$	\$	\$
Unreserved, Reported in:										
Special Revenue Fund				(787)	(787)	(1,650)	(1,650)	(1,650)	(1,650)	(1,650)
Capital Projects Fund				20,599	20,599					
Debt Service Fund	851	851	1,062	3,662	2,600	1,800	1,800			47
Total All Other Governmental Funds	<u>\$ 531,637</u>	<u>\$ 550,677</u>	<u>\$ 62,715</u>	<u>\$ 23,474</u>	<u>\$ 22,412</u>	<u>\$ 150</u>	<u>\$ 150</u>	<u>\$ (1,650)</u>	<u>\$ (1,650)</u>	<u>\$ (1,603)</u>

Source: CAFR Schedule B-1

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Tax Levy	\$ 2,679,478	\$ 2,856,377	\$ 3,035,572	\$ 3,164,556	\$ 3,431,720	\$ 3,555,966	\$ 3,779,300	\$ 3,882,858	\$ 3,878,346	\$ 3,872,503
Transportation	10,000	45,669	36,919	38,393	40,802	53,884	32,689	32,079	57,450	54,703
Tuition Charges	13,375	7,500	28,829	53,807	18,255	35,147	63,569	41,050	44,729	21,204
Interest Earnings	15,375	17,815	15,740	16,826	15,733	4,540	2,255	3,090	2,930	3,075
Rental					15,000	36,200	31,231	32,448	33,096	33,758
Miscellaneous	14,112	31,748	135,763	25,543	29,763			9,247	15,618	2,848
State Sources	3,446,237	4,175,685	3,618,434	3,758,648	3,967,696	3,634,314	3,299,676	3,500,909	3,695,917	3,933,806
Federal Sources	223,013	192,675	217,723	269,784	217,380	226,875	729,889	237,189	349,692	197,131
Total Revenues	6,401,590	7,327,469	7,088,980	7,327,557	7,736,349	7,546,926	7,938,609	7,738,870	8,077,778	8,119,028
Expenditures										
Instruction										
Regular Instruction	1,227,105	1,414,143	1,406,014	1,563,390	1,629,796	1,607,999	1,714,229	1,613,172	1,877,092	1,690,606
Special Education Instruction	397,442	353,304	340,686	339,636	363,080	356,273	377,818	411,831	417,478	410,947
Other Instruction	29,614	59,893	135,989	155,123	187,018	147,793	132,971	143,205	159,360	152,740
Support Services										
Tuition	1,820,754	1,695,734	1,776,065	1,906,303	2,229,523	2,031,193	2,084,793	1,996,070	2,078,585	2,056,917
Student and Instruction Related Services	438,462	282,575	443,024	452,727	364,290	516,604	548,251	487,681	353,810	529,147
General Administrative Services	382,908	133,059	213,357	202,363	196,482	192,050	194,566	185,055	189,590	188,050
School Administrative Services	79,502	145,290	138,108	143,106	144,521	149,339	166,084	161,643	171,935	148,177
Central Services		130,030	111,705	136,596	114,946	123,709	128,008	121,797	119,188	124,949
Plant Operations and Maintenance	330,786	371,513	447,582	386,380	364,438	380,310	375,098	397,715	444,658	560,265
Pupil Transportation	400,427	389,353	394,001	415,119	435,180	373,230	368,968	334,941	348,789	377,295
Unallocated Employee Benefits	894,893	898,935	1,040,519	1,230,207	1,281,828	1,106,804	1,089,304	1,129,930	1,247,963	1,369,357
Capital Outlay	95,157	763,662	715,412	306,068	27,366	210,876	228,328	92,574	164,034	98,728
Debt Service										
Principal	270,000	325,000	345,000	360,000	375,000	390,000	415,000	440,000	450,000	460,000
Interest	147,560	160,842	146,856	132,019	116,548	100,426	83,653	65,812	46,903	26,313
Total Expenditures	6,514,610	7,123,333	7,654,318	7,729,037	7,830,016	7,686,606	7,907,071	7,581,426	8,069,385	8,193,491
Excess (Deficiency) of Revenues Over (Under) Expenditures	(113,020)	204,136	(565,338)	(401,480)	(93,667)	(139,680)	31,538	157,444	8,393	(74,463)
Other Financing Sources (Uses)										
Cancellation of Prior Year Receivable			(538)							
Transfer			44,555	20,000				(5,756)		
Bond Proceeds	625,000									
Capital Leases (Non-Budgeted)		59,275		178,400		153,758	162,950			
Total Other Financing Sources (Uses)	625,000	59,275	44,017	198,400		153,758	162,950	(5,756)		
Net Change in Fund Balances	\$ 511,980	\$ 263,411	\$ (521,321)	\$ (203,080)	\$ (93,667)	\$ 14,078	\$ 194,488	\$ 151,688	\$ 8,393	\$ (74,463)
Debt Service as a Percentage of Noncapital Expenditures	6.4%	6.8%	6.4%	6.4%	6.3%	6.4%	6.3%	6.7%	6.2%	5.9%

Source: CAFR Schedule B-2

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Transportation	Sale of Assets	Rentals	Prior Year Adjustments	Utility Company Rebate	Misc.	Total
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
2008	15,733	18,255	40,802	2,369	15,000			27,394	119,553
2007	16,826	57,836	38,393		13,000	1,109		7,405	134,569
2006	15,740	28,829	36,919		12,500	19,810	101,375	2,078	217,251
2005	17,815	7,500	45,669					31,748	102,732
2004	14,524	13,375	10,000					13,169	51,068

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Regular	Qfarm	Commercial	Industrial	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2013	\$ 9,270,100	\$ 214,371,400	\$ 80,722,000	\$ 10,947,700	\$ 23,024,800	\$ 1,480,000	\$ 339,816,000	\$ 1,226,464	\$ 341,042,464	\$ 1.128	\$ 306,252,213
2012	9,833,300	216,939,700	80,071,200	10,940,100	22,961,800	1,480,000	342,226,100	1,354,299	343,580,399	1.128	329,316,878
2011	9,974,400	218,658,600	78,941,600	10,913,400	21,761,000	1,480,000	341,729,000	1,437,138	343,166,138	1.129	363,172,724
2010	12,001,800	221,694,700	76,886,200	10,887,500	21,861,000		343,331,200	1,725,480	345,056,680	1.120	358,641,421
2009	12,420,800	222,030,000	77,345,000	10,798,000	22,890,000		345,483,800	1,809,844	347,293,644	1.088	362,404,388
2008	13,606,900	212,031,600	84,964,000	10,849,900	21,970,000		343,422,400	1,564,914	344,987,314	1.004	324,799,697
2007	13,894,600	206,911,500	83,709,000	10,859,650	24,884,000		340,258,750	1,704,191	341,962,941	1.004	323,796,912
2006	12,099,900	204,281,800	86,006,500	11,001,050	25,317,000		338,706,250	980,982	339,687,232	0.931	272,234,212
2005	3,019,200	85,020,500	41,267,000	6,878,155	12,625,500		148,810,355	980,982	149,791,337	2.027	252,279,799
2004	3,036,400	83,713,800	41,394,200	6,913,430	12,434,000		147,491,830	980,982	148,472,812	1.921	246,889,571

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

c Estimate

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

Year Ended June 30,	Upper Pittsgrove Township Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	From J-6 Total Direct School Tax Rate	Upper Pittsgrove Township	Salem County	
2013	\$ 1.033	\$ 0.095	\$ 1.128	\$ 0.147	\$ 0.873	\$ 2.148
2012	1.032	0.096	1.128	0.118	0.912	2.158
2011	1.032	0.097	1.129	0.099	0.872	2.100
2010	1.031	0.089	1.120	0.091	0.923	2.134
2009	0.998	0.090	1.088	0.076	0.936	2.100
2008	0.943	0.089	1.032	0.083	0.882	1.997
2007	0.908	0.096	1.004	0.055	0.863	1.922
2006	0.841	0.091	0.932	0.039	0.776	1.747
2005	1.820	0.207	2.027	0.049	1.666	3.742
2004	1.759	0.163	1.922	0.050	1.446	3.418

Source: District Records and Municipal Tax Collector

Note:

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

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

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

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

<u>Taxpayer</u>	<u>2013</u>		<u>2004</u>	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Taxpayer #1	\$ 2,864,800	0.84%	\$	
Taxpayer #2	2,043,100	0.60%		
Third Garden Park Limited Partners	1,950,000	0.57%		
Larchmont Farms Inc	1,591,400	0.47%		
Atlantic City Electric Co	1,480,000	0.43%		
New Jersey Bell Telephone Co	1,365,464	0.40%		
Taxpayer #3	1,200,800	0.35%		
Bell Atlantic- New Jersey, Inc	1,200,000	0.35%		
Holly View Corp	1,171,000	0.34%		
Wilson Brothers Farms Corp	1,128,200	0.33%		
Total	\$ 15,994,764	4.69%	\$	

Source: District CAFR & Municipal Tax Assessor

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

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Taxes Levied</u> <u>for the Fiscal</u> <u>Year</u>	<u>Collected Within the Fiscal</u> <u>Year of the Levy</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>% of Levy</u>	
2013	\$ 3,872,503	\$ 3,872,503	100%	\$
2012	3,872,503	3,872,503	100%	
2011	3,882,858	3,882,858	100%	
2010	3,779,300	3,779,300	100%	
2009	3,555,966	3,555,966	100%	
2008	3,431,720	3,431,720	100%	
2007	3,164,556	3,164,556	100%	
2006	3,035,572	3,035,572	100%	
2005	2,856,377	2,856,377	100%	
2004	2,679,478	2,679,478	100%	

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

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

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2013	\$ 195,000	\$ 161,187	\$	\$	\$ 356,187	0.24%	\$ 102
2012	655,000	232,686			887,686	0.61%	254
2011	1,105,000	301,542			1,406,542	0.99%	402
2010	1,545,000	380,133			1,925,133	1.33%	526
2009	1,960,000	122,931			2,082,931	1.48%	570
2008	2,350,000	154,962			2,504,962	1.83%	717
2007	2,725,000	182,328			2,907,328	2.24%	815
2006	3,085,000	93,285			3,178,285	2.52%	875
2005	3,430,000	148,799			3,578,799	3.00%	990
2004	3,755,000				3,755,000	3.19%	1,038

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

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2013	\$ 195,000	\$	\$ 195,000	0.06%	\$ 56 *
2012	655,000		655,000	0.20%	187
2011	1,105,000		1,105,000	0.30%	316
2010	1,545,000		1,545,000	0.45%	441
2009	1,960,000		1,960,000	0.56%	546
2008	2,350,000		2,350,000	0.68%	654
2007	2,725,000		2,725,000	0.80%	763
2006	3,085,000		3,085,000	0.91%	859
2005	3,430,000		3,430,000	2.29%	957
2004	3,755,000		3,755,000	2.53%	1,047

* Estimate

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

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

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

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2013

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes				
Upper Pittsgrove Township	\$ -	100%	\$	-
Salem County	48,368,964	3.91%		1,893,408
Other debt				
Subtotal, Overlapping Debt				<u>1,893,408</u>
Upper Pittsgrove Township School District Direct Debt				b 195,000
Total Direct and Overlapping Debt				\$ <u>2,088,408</u>

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

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

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

b Includes Capital Leases

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

Legal Debt Margin Calculation for Fiscal Year 2012

	Equalized Valuation Basis
2012	\$ 307,315,104
2011	328,838,530
2010	325,816,120
	<u>[A] \$ 961,969,754</u>
Average Equalized Valuation of Taxable Property	<u>[A/3] \$ 320,656,585</u>
Debt Limit (3% of Average Equalization Value)	<u>[B] 9,619,698 a</u>
Net Bonded School Debt	<u>[C] 195,000</u>
Legal Debt Margin	<u>[B-C] \$ 9,424,698</u>

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt Limit	\$ 5,823,206	\$ 6,520,159	\$ 7,230,551	\$ 8,240,751	\$ 6,331,177	\$ 9,887,914	\$ 10,328,012	\$ 10,365,246	\$ 10,096,895	\$ 9,619,698
Total Net Debt Applicable to Limit	<u>3,755,000</u>	<u>3,430,000</u>	<u>3,085,000</u>	<u>2,725,000</u>	<u>2,350,000</u>	<u>1,960,000</u>	<u>1,545,000</u>	<u>1,105,000</u>	<u>655,000</u>	<u>195,000</u>
Legal Debt Margin	<u>\$ 2,068,206</u>	<u>\$ 3,090,159</u>	<u>\$ 4,145,551</u>	<u>\$ 5,515,751</u>	<u>\$ 3,981,177</u>	<u>\$ 7,927,914</u>	<u>\$ 8,783,012</u>	<u>\$ 9,260,246</u>	<u>\$ 9,441,895</u>	<u>\$ 9,424,698</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	64.5%	52.6%	42.7%	33.1%	37.1%	19.8%	15.0%	10.7%	6.5%	2.0%

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

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2013	3,501	148,782,763	42,497	4.30%
2012	3,498	145,740,462	41,664	4.50%
2011	3,495	142,760,265	40,847	4.40%
2010	3,502	139,043,408	39,704	4.60%
2009	3,590	138,390,910	38,549	4.40%
2008	3,595	140,873,670	39,186	2.50%
2007	3,572	130,138,676	36,433	1.90%
2006	3,590	124,608,900	34,710	1.90%
2005	3,585	118,340,850	33,010	1.90%
2004	3,586	116,623,892	32,522	2.10%

Source:

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

^b Personal income

^c Per Capita

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

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

	<u>2013</u>		<u>2004</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>

NOT AVAILABLE

Source:

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

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Instruction										
Regular	31.0	31.0	33.0	31.0	31.0	31.0	31.0	30.0	25.5	25.5
Special Education	21.3	11.0	10.5	10.5	9.0	9.0	9.0	6.0	13.0	12.0
Other Special Education	2.0	3.5	4.0	4.0	3.0	3.0	3.0	0.0		
Other Instruction	1.0									
Support Services:										
Tuition										
Student & Instruction Related Services	13.0	8.0	12.0	12.0	11.0	11.0	11.0	9.0	7.2	7.3
General Administrative Services	4.8	5.5	7.0	4.0	4.0	4.0	4.0	4.0	3.6	3.6
School Administrative Services	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6
Business Administrative Services	3.0	3.0								
Plant Operations and Maintenance	3.0	3.0	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0
Pupil Transportation	12.0	14.0	13.0	12.0	8.5	8.5	8.0	8.0	8.0	8.0
Food Service	8.0	6.0	6.0	6.0						
Total	99.5	85.5	90.0	84.0	70.0	70.0	69.5	60.5	60.9	60.0

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2013	388	\$ 7,608,450	\$ 19,609	0.00	37.5	9.5 : 1	7.5 : 1	365.0	354.2	10.539%	97.04%
2012	379	7,408,448	19,547	0.08	38.5	9.72 : 1	9.71 : 1	330.2	315.6	-12.738%	95.58%
2011	383	6,920,489	18,069	0.04	37	6.3 : 1	4 : 1	378.4	361.2	-3.247%	95.45%
2010	415	7,180,090	17,301	(0.02)	43	11.6 : 1	10.4 : 1	391.1	373.1	0.205%	95.40%
2009	395	6,985,304	17,684	(0.08)	43	11 : 1	10 : 1	390.3	374.0	1.193%	95.82%
2008	381	7,311,102	19,189	0.15	39	11 : 1	9 : 1	385.7	368.7	-6.903%	95.59%
2007	415	6,930,950	16,701	0.08	36	10 : 1	11 : 1	414.3	403.0	-0.671%	97.27%
2006	417	6,447,050	15,461	0.14	43	10 : 1	10 : 1	417.1	396.7	-5.205%	95.11%
2005	434	5,873,829	13,534	(0.05)	35	12 : 4	13 : 1	440	418.0	4.762%	95.00%
2004	420	6,001,893	14,290		39	11 : 1	11 : 1	420	402.0	-0.943%	95.71%

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 PITTSBURGH TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</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	420	440	434	415	381	395	415	383	379	388

Number of Schools at June 30, 2013
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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Upper Pittsgrove Township School	64,828 \$	43,219 \$	42,917 \$	24,775 \$	25,061 \$	26,414 \$	32,053 \$	29,683 \$	138,521 \$	52,631 \$	46,485
Total School Facilities		43,219	42,917	24,775	25,061	26,414	32,053	29,683	138,521	52,631	46,485
Other Facilities											
Grand Total		\$ 43,219 \$	\$ 42,917 \$	\$ 24,775 \$	\$ 25,061 \$	\$ 26,414 \$	\$ 32,053 \$	\$ 29,683 \$	\$ 138,521 \$	\$ 52,631 \$	\$ 46,485

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

Company	Type of Coverage	Coverage	Deductible
NJ School Board Assoc Insurance Group	Property Blanket Building & Contents	\$ 15,820,738	\$ 5,000
	Commercial Inland Marine Blanket Hardware and Software	520,000	1,000
	Commercial General Liability		
	Products Completed Operations Aggregate Limit	6,000,000	
	Personal and Advertising Injury Limit	6,000,000	
	Bodily Injury & Property Damage	6,000,000	
	Boiler and Machinery Section		
	Limit per Accident for Property Damage and Business Income	100,000,000	5,000
	Commercial Crime Section		
	Employee Dishonesty Coverage	100,000	1,000
	Commercial Automobile/General Liability		
	Combined Single Limit	6,000,000	1,000
	Board of Education Legal Liability		
	Aggregate for Each Annual Policy Year	6,000,000	
	Insured Retained Limit (each loss)	5,000	
Workmen's' Compensation			
Bodily Injury - Each Accident/Disease	2,000,000		
Bodily Injury - Each Employee	2,000,000		
Maximum Coverage	2,000,000		
Markel Insurance Co.	Student Accident Policies		
	Catastrophic Medical Expense - Max Benefit Amount	2,000,000	
	Catastrophic Cash Benefit - Max Benefit Amount	500,000	
Berkley Insurance Co.	Compulsory - Maximum Benefit Amount	25,000	
Ohio Casualty Insurance Company	Surety Bonds		
	Treasurer	185,000	
	Business Administrator	35,000	

Source: District Records

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
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October 2, 2013

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Upper Pittsgrove Township Board of Education, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2013, which collectively comprise the Board of Education of the Upper Pittsgrove Township's basic financial statements and have issued our report thereon dated October 2, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, and State of New Jersey.

Internal Control Over Financial Reporting

Management of the Board of Education of the Upper Pittsgrove Township Board of Education, in the County of Salem, State of New Jersey, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Upper Pittsgrove Township Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Upper Pittsgrove Township Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Upper Pittsgrove Township Board of Education's internal control over financial reporting.

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We identified one deficiency in internal control over financial reporting that we consider to an immaterial weakness, as defined above and labeled Finding 2013-1.

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.

We did not identify any other matters required to be reported to the Board of Education of the Upper Pittsgrove School District in a separate report entitled, Auditor's Management Report on Administrative Findings-Financial Compliance and Performance dated October 2, 2013.

Purpose of this Report

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

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October 2, 2013

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON
SCHEDULE OF AWARDS REQUIRED BY NEW JERSEY OMB CIRCULAR 04-04**

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 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 *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 state programs for the fiscal year ended June 30, 2013. The Upper Pittsgrove Township Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Upper Pittsgrove Township Board of Education's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education and Regulatory Compliance, State of New Jersey; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Upper Pittsgrove Township Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Program

In our opinion, the Board of Education of the Upper Pittsgrove Township School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its state programs for the fiscal year ended June 30, 2013.

Report on Internal Control Over Compliance

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

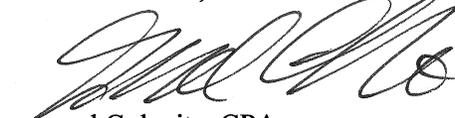
A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance; such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a major 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 identified one deficiency in internal control over compliance that we consider to an immaterial weakness, as defined above and labeled Finding 2013-1.

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

TOWNSHIP OF UPPER PITTSBORO SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2012			Cash Received	Budgetary Expenditures	Balance at June 30, 2013			
				From	To	(Accounts Receivable)	Unearned Revenue	(Walkover/ Amount)			(Accounts Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education General Fund Education Jobs Fund	84.410A		\$113,125	9/1/11	8/31/12	(\$13,920)			\$13,920					
						(13,920)								
Passed-through State Department of Education: Special Revenue Fund:														
Title I, Part A	84.010A	NCLB - 532013	45,131	7/1/12	9/30/13			26,250	(\$45,131)		(\$18,881)			
Title I, Part A	84.010A	NCLB - 532012	38,729	9/1/11	8/31/12	(14,729)		14,729						
Title II, Part A	84.367A	NCLB - 532013	8,240	7/1/12	9/30/13			4,650	(8,240)		(3,590)			
Title II, Part A	84.367A	NCLB - 532012	10,851	9/1/11	8/31/12	(3,400)		3,400						
Title II, Part D Technology	84.318X	NCLB - 532012	103	9/1/11	8/31/12			103	(103)					
Rural Education	84.358B	S358A113592	32,639	7/1/12	9/30/13			3,700	(32,639)		(28,939)			
RTTT	84.413A	RTTT-532013	3,084	9/1/11	11/30/15			3,084	(3,084)					
I.D.E.A. Part B, Basic Regular	84.027	FT-532013	125,945	7/1/12	9/30/13			116,984	(125,945)		(8,961)			
I.D.E.A. Part B, Pre-School	84.173	FT-532013	4,016	7/1/12	9/30/13			4,016	(4,016)					
Total Special Revenue Fund						(18,129)		176,916	(219,158)		(60,371)			
U.S. Department of Agriculture Passed-through State Department of Education: Enterprise Fund:														
Food Distribution Program	10.565	N/A	13,208	7/1/12	9/30/13			15,967	(13,208)			\$2,759		
Food Distribution Program	10.565	N/A	11,150	7/1/11	6/30/12				(1,330)					
National School Lunch Program	10.555	N/A	41,449	7/1/12	9/30/13				(41,449)		(2,413)			
National School Lunch Program	10.555	N/A	40,120	7/1/11	6/30/12	(2,171)		2,171						
School Breakfast Program	10.553	N/A	6,333	7/1/12	9/30/13			5,876	(6,333)		(457)			
Total Enterprise Fund						(2,171)	1,330	63,050	(62,320)		(2,870)	2,759		
Total Federal Financial Assistance						(\$34,220)	\$1,330	\$253,886	(\$281,478)		(\$63,241)	\$2,759		

See accompanying notes to schedules of financial assistance

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

TOWNSHIP OF UPPER PITTSBURGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2012			Repayment of Prior Year Balances	Balances at June 30, 2013			MEMO			
			From	To	Unearned Revenue (Accounts Receivable)	Due to Grantor	Cash Received		Budgetary Expenditures	(Accounts Receivable)	Unearned Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education															
General Fund:															
Equalization Aid	13-495-034-5120-078	\$2,481,521	7/1/12	6/30/13			\$2,245,367	(\$2,481,521)		(\$236,154)			*	(\$236,154)	\$2,481,521
Equalization Aid	12-495-034-5120-078	2,467,430	7/1/11	6/30/12	(\$233,069)		233,069								
Special Education Categorical Aid	13-495-034-5120-089	292,106	7/1/12	6/30/13			264,308	(292,106)		(27,798)			*	(27,798)	292,106
Special Education Categorical Aid	12-495-034-5120-089	275,964	7/1/11	6/30/12	(27,600)		27,600								
Transportation Aid	13-495-034-5120-014	313,466	7/1/12	6/30/13			283,635	(313,466)		(29,831)			*	(29,831)	313,466
Transportation Aid	12-495-034-5120-014	165,837	7/1/11	6/30/12	(30,562)		30,562								
Security Aid	13-495-034-5120-084	50,145	7/1/12	6/30/13			45,373	(50,145)		(4,772)			*	(4,772)	50,145
Security Aid	12-495-034-5120-084	51,646	7/1/11	6/30/12	(5,170)		5,170								
School Choice	13-495-034-5120-068	163,086	7/1/12	6/30/13			147,566	(163,086)		(15,520)			*	(15,520)	163,086
School Choice	12-495-034-5120-068	70,370	7/1/11	6/30/12	(7,597)		7,597								
Nonpublic Transportation Aid	13-495-034-5120-014	5,165	7/1/12	6/30/13				(5,165)		(5,165)			*		5,165
Nonpublic Transportation Aid	12-495-034-5120-014	4,002	7/1/11	6/30/12	(4,002)		4,002								
On Behalf TPAF Pension Contribution	13-495-034-5095-007	138,706	7/1/12	6/30/13			138,706	(138,706)					*		138,706
On Behalf TPAF Post Retire Med'l.	13-495-034-5095-001	156,842	7/1/12	6/30/13			156,842	(156,842)					*		156,842
Reimbursed TPAF SS Contribution	13-495-034-5095-002	164,799	7/1/12	6/30/13			164,443	(164,799)		(356)			*		164,799
Reimbursed TPAF SS Contribution	12-495-034-5095-002	161,003	7/1/11	6/30/12	(402)		402								
Total General Fund					(308,402)		3,754,642	(3,765,836)		(319,596)				(314,075)	3,765,836
Special Revenue Fund:															
Preschool Education Aid	13-495-034-5120-086	16,500	7/1/12	6/30/13			14,850	(16,500)		(1,650)			*		16,500
Preschool Education Aid	12-495-034-5120-086	16,500	7/1/11	6/30/12	(1,650)		1,650								
ELLI Grant	07-495-034-5120-062	14,850	7/1/06	6/30/07				2,850							
Total Special Revenue Fund					(1,650)	2,850	16,500	(16,500)	2,850	(1,650)					16,500
Debt Service Fund:															
Debt Service Aid Type II	12-495-034-5120-017	161,547	7/1/11	6/30/12			161,547	(161,547)					*		161,547
Total Debt Service Fund							161,547	(161,547)							161,547
State Department of Agriculture															
Enterprise Fund:															
State School Lunch Program	13-100-010-3350-023	1,366	7/1/12	6/30/13			1,204	(1,366)		(162)			*		1,366
State School Lunch Program	12-100-010-3350-023	1,424	7/1/11	6/30/12	(77)		77								
Total Enterprise Fund					(77)		1,281	(1,366)		(162)					1,366
Total State Financial Assistance					(\$310,129)	\$2,850	\$3,933,970	(\$3,945,249)	\$2,850	(\$321,408)				(\$314,075)	\$3,945,249

See accompanying notes to schedules of financial assistance

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2013

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

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

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$10,077) for the general fund and (\$22,027) 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, 2013
(Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 3,755,759	\$ 3,755,759
Special Revenue Fund	197,131	16,500	213,631
Debt Service		161,547	161,547
Food Service Fund	<u>62,320</u>	<u>1,366</u>	<u>63,686</u>
Total Financial Assistance	\$ <u>259,451</u>	\$ <u>3,935,172</u>	\$ <u>4,194,623</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, 2013. 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, 2013.

NOTE 7: SCHOOLWIDE PROGRAM FUNDS

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

CFDA Number(s)	Name of Federal Program or Cluster
----------------	------------------------------------

No Major Programs

Dollar threshold used to distinguish between type A and type B programs: N/A

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

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(continued)**

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

State Awards

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

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

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

2) Significant deficiencies identified that are not considered to be material weaknesses? yes none X 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 04-04 yes X no

Identification of major programs:

GMIS Number(s)

Name of State Program

13-495-034-5120-078

Equalization Aid

13-495-034-5120-089

Special Education Categorical Aid

13-495-034-5120-084

Security Aid

13-495-034-5120-068

School Choice Aid

13-495-034-5120-014

Transportation Aid

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(continued)

Section II - Financial Statement Findings

Finding: **NONE**

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Management's response:

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013 (continued)

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

FEDERAL AWARDS

None

Finding:

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Effect:

Cause:

Recommendation:

Management's response:

STATE AWARDS

Finding: 2013-1

Information on the state program: Transportation Aid (GMIS No. 495-034-5120-014)

Criteria or specific requirement: The on-roll status of students reported on the DRTRS Eligibility Summary Report is to be verified with the County Summary.

Condition: The County Summary, provided by the Department of Education online, did not agree with the District DRTRS Summary Report. The County Summary reflected two (2) less Regular Public School Students and one (1) less AIL Non-Public School Students than the District had on their Report.

Questioned Costs: None

Context: The District DRTRS report and the County Summary needs to coincide.

Effect: The information on the DRTRS report was not verified and could be inaccurate.

Cause: The District inadvertently did not verify and communicate with the County.

Recommendation: Procedures to check edits, received from other districts, should be reviewed and updated, to insure that all information is in agreement.

Management's response: The School District will strengthen internal control procedures to ensure that their records correspond with the County Summary.

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

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

STATUS OF PRIOR - YEAR FINDINGS

None