

**UPPER PITTSBORO TOWNSHIP  
BOARD OF EDUCATION**



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

of the

**Upper Pittsgrove Township Board of Education**

**Salem, New Jersey**

**For the Fiscal Year Ended June 30, 2015**

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**of the**

**Upper Pittsgrove Township Board of Education**

**Monroeville, New Jersey**

**For the Fiscal Year Ended June 30, 2015**

**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, 2015**

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## **INTRODUCTORY SECTION**

# Upper Pittsgrove School District

235 Pine Tavern Road · Monroeville · New Jersey · 08343

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

November 16, 2015

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, 2015 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 and/or 15-08, "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 2014-2015 fiscal year with an enrollment of 511 including 144 high school students, which is twenty-five (25) less students than the previous year's enrollment and includes 367 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>
2014-15	511	(4.66%)
2013-14	536	(3.77%)
2012-13	557	(2.45%)
2011-12	571	(5.62%)
2010-11	605	5.22%
2009-10	575	1.05%
2008-09	569	6.16%
2007-08	536	(7.43%)
2006-07	579	.35%
2005-06	577	(1.70%)

\* Includes High School Students

**2. ECONOMIC CONDITION AND OUTLOOK:**

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

**3. MAJOR INITIATIVES:**

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

- 5th to 8th grade language arts standards setting and formative assessment
- Evaluated classroom assessments using Depth of Knowledge to confirm connection with standards
- Language Arts Lab and Math Lab three days per week
- Talented and gifted program revision with students attending this program instead of attending labs
- Purchase of additional Chrome Books (currently using 150 of them)
- Training in and use of Google classroom
- All grade 3 through 8 assessments on computer, if possible
- School Improvement team revising homework policies
- Creating a PARCC result analysis committee (part of the principals objectives)
- Utilization of our professional development website (<https://sites.google.com/site/bazprofdevresources/>)
- Continuing to use DIBELS and RTI processes

#### **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, 2015.

#### **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 and/or 15-08. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

**10. ACKNOWLEDGMENTS:**

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

Respectfully submitted,

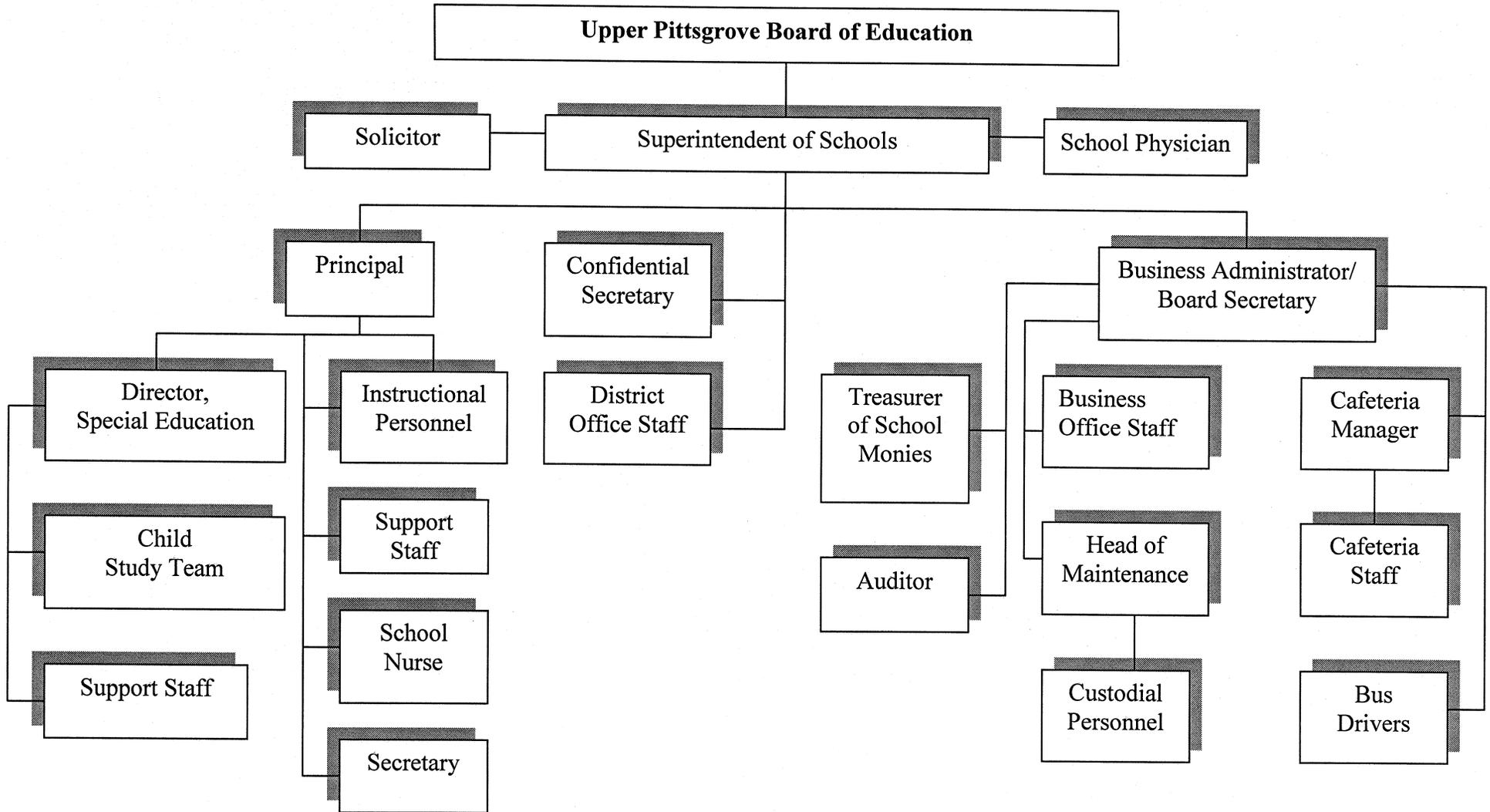


Robert J. Bazzel  
Superintendent



Lisa M. DiNovi  
Business Administrator/Board Secretary

UPPER PITTSBORO SCHOOL DISTRICT ORGANIZATION CHART



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

ROSTER OF OFFICIALS

JUNE 30, 2015

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Veronica Merriel, President	2016
Polly B. Deal, Vice President	2015
Valerie Hill	2017
Dan Bellisario	2017
William Schermerhorn	2016
Terri Hatchell	2015
Michael Kinney	2015
Michael Reed	2016
Brian Wirth	2015
<u>OTHER OFFICIALS</u>	
Robert J. Bazzel, Superintendent	
Lisa M. DiNovi, Business Administrator / Board Secretary	\$35,000
Donna Jones, Treasurer of School Monies	\$185,000

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF SALEM**  
**MONROEVILLE, NJ**

**CONSULTANTS AND ADVISORS**

**ATTORNEY**

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

**AUDIT FIRM**

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

**OFFICIAL DEPOSITORY**

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

**INSURANCE AGENCY**

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

**FINANCIAL SECTION**

# NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association*

*Certified Public Accountants*

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

(856) 629-3111  
Fax (856) 728-2245  
[www.colavita.net](http://www.colavita.net)

November 16, 2015

## **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, 2015, and the related notes to the financial statements, 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Upper Pittsgrove Township Board of Education, in the County of Salem, State of New Jersey, as of June 30, 2015, 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.

## 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 and individual non-major fund financial statements, 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 and/or 15-08, *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 accompanying combining statements and related major fund supporting statements and schedules and schedules of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or 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 accompanying combining statements and related major fund supporting statements and schedules and schedules of state financial assistance are fairly stated, in all material respects, in relation to the basic 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 November 16, 2015 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, 2015  
(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, 2015. Comparative information between the current year (2014-15) and the prior year (2013-14) 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 2015 are as follows:

- Total Net Position decreased by \$49,861, attributable to various operating results and adjustments.

- General revenues accounted for \$8,243,617 in revenue or 90.4% 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 \$875,228 or 9.6% percent of the total revenues of \$9,118,845.
- Net Position of governmental activities decreased by \$55,071, comprised of changes in various assets and liabilities. The net position of the Business-type Activities increased by \$5,210.
- The School District had \$9,168,706 in total expenses, of which \$875,228 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$8,243,617 were adequate to provide for these programs.
- The General Fund had \$8,078,705 in revenues, \$8,081,279 in expenditures. The General Fund's balance decreased by \$115,074 over 2014. This decrease was anticipated by the Board of Education, as it constituted the use of \$169,302 in surplus to offset expenses and capital lease proceeds of \$112,500.

### **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 2015 and 2014.

Table 1  
Net Position

	2015	2014
<b>Assets</b>		
Current and Other Assets	\$ 733,561	\$ 783,442
Capital Assets, Net	3,605,789	3,673,933
<b>Total Assets</b>	<b>4,339,350</b>	<b>4,457,375</b>
<b>Deferred Outflows of Resources</b>	<b>215,104</b>	
<b>Liabilities</b>		
Long-term Liabilities	435,510	570,408
Net Pension Liability	1,499,685	
Other Liabilities	85,413	38,014
<b>Total Liabilities</b>	<b>2,020,608</b>	<b>608,422</b>
<b>Deferred Inflow of Resources</b>	<b>89,373</b>	
<b>Net Position</b>		
Invested in Capital Assets, Net of Debt	3,324,060	3,246,051
Restricted	658,946	629,050
Unrestricted (Deficit)	(1,538,533)	(26,148)
<b>Total Net Position</b>	<b>\$ 2,444,473</b>	<b>\$ 3,848,953</b>

Table 2 shows the changes in net position from fiscal years 2015 and 2014.

Table 2  
Changes in Net Position

	2015	2014
<b>Revenues</b>		
Programs Revenues		
Charges for Services	\$ 115,339	\$ 121,613
Operating Grants and Contributions	759,889	715,326
General Revenues		
Property Taxes	4,035,944	3,843,990
Federal and State Aid-Not Restricted	4,045,238	3,448,467
Other	162,435	178,630
<b>Total Revenues</b>	<b>9,118,845</b>	<b>8,308,026</b>
<b>Program Expenses</b>		
Instruction	2,332,637	2,416,556
Tuition	2,488,476	2,088,860
Administrative Services	509,850	456,761
Other Support Services	1,385,726	1,359,823
Health Benefits	2,014,832	1,454,366
Interest on Long-Term Debt	14,341	14,817
Other	245,703	259,430
Enterprise	177,141	177,317
<b>Total Expenses</b>	<b>9,168,706</b>	<b>8,227,930</b>
<b>Increase in Net Position</b>	<b>\$ (49,861)</b>	<b>\$ 80,096</b>

## Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. The District's Property taxes made up 48.9% percent of these revenues for governmental activities. Unrestricted federal, state and local grants accounted for another 49.1% and miscellaneous revenues accounted for the remaining 2%. The total cost of services, as shown below, was \$8,298,633. The net cost of all governmental programs and services, which excludes charges for services, operating grants and the enterprise fund was \$9,168,706. Instruction comprises 25.4% 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 2015</u>	<u>Net Cost of Services 2015</u>	<u>Total Cost of Services 2014</u>	<u>Net Cost of Services 2014</u>
Instruction	\$ 2,332,637	\$ 2,236,272	\$ 2,416,556	\$ 2,304,213
Tuition	2,488,476	2,488,476	2,088,860	2,088,860
Pupil and Instructional Staff	532,332	422,843	518,863	395,341
General Administration, School		0		0
Administration, Business	509,850	509,850	456,761	456,761
Operation and Maintenance				
of Facilities	434,024	434,024	450,654	450,654
Pupil Transportation	419,370	419,370	390,306	390,306
Employee Benefits	2,014,832	1,527,754	1,454,366	1,032,282
Enterprise Fund	177,141		177,317	
Interest	14,341	14,341	14,817	14,817
Other	245,703	245,703	259,430	259,430
<b>Total Expenses</b>	<b>\$ 9,168,706</b>	<b>\$ 8,298,633</b>	<b>\$ 8,227,930</b>	<b>\$ 7,392,664</b>

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

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

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

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

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

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

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

### Business-Type Activities

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

- Food Service revenues exceeded expenses by \$13,270, offset by \$8,115 in the School Care Program.
- Charges for services represent \$115,339 of revenue as compared to \$121,613 in 2014. This represents amount paid by patrons for daily food services activities. There was also \$55 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 \$66,957 as compared to \$57,377 in 2014.

### 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 \$8,436,034, expenditures of \$8,541,927. The net change in fund balance for the year was \$105,893. The District was able to meet current operating costs, through the use of surplus and with \$112,500 in proceeds from a capital lease.

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, 2015, 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 2014</u>	<u>Percent Increase/ (Decrease)</u>
Local Sources	\$ 4,198,324	49.77%	\$ 175,763	4.41%
State Sources	4,036,008	47.84%	159,939	4.07%
Federal Sources	201,702	2.39%	(28,645)	-14.53%
<b>Total</b>	<b>\$ 8,436,034</b>	<b>100.00%</b>	<b>\$ 307,057</b>	<b>3.80%</b>

The increase in Local sources is attributed to an increase in the governmental fund local tax levy of \$191,954, in tuition of \$12,697, transportation of \$2,686, offset by a decrease in other revenue of \$31,574.

The increase in State sources is attributed to additional general state aid and debt service aid of \$159,939.

The decrease in Federal sources is due to decreases in various grants. In addition, the 2015 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, 2015 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 2014)</u>	<u>Percent Increase/ (Decrease)</u>
Current:				
Instruction	\$ 2,236,272	26.18%	\$ (67,941)	-3.07%
Support Services	5,746,530	67.28%	531,037	10.74%
Capital Outlay	270,523	3.17%	(30,858)	-18.81%
Special Revenues	218,202	2.55%	(28,645)	-11.32%
Debt Service	70,400	0.82%	3,800	0.76%
<b>Total</b>	<b>\$ 8,541,927</b>	<b>100.00%</b>	<b>\$ 407,393</b>	<b>5.05%</b>

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 tuition of \$399,616, student related costs of \$27,502, administrative services of \$53,089 transportation costs of \$29,064 and employee benefits of \$38,396, offset by decreases in, plant operation and maintenance of \$16,630.

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

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

The increase in debt service of \$3,800 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 2015, 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 \$169,302 in surplus appropriated, would roughly equal expenditures, the actual results for the year show a decrease of \$119,689 as shown on Exhibit C-1.

- Actual revenues were \$44,212 more than expected due to the increased miscellaneous income, excluding on-behalf pension and social security reimbursements of \$474,730.
- Actual expenditures were \$133,469 less than expected. This also excludes state on-behalf pension and social security reimbursements of \$474,730.

### Capital Assets

At the end of the fiscal year 2015, the Governmental Funds of the School District had \$3,605,789 (net of accumulated depreciation) invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal year 2015.

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

	<u>2015</u>
Land	\$ 781,429
Site Improvements	-
Building and Improvements	2,380,412
Transportation Vehicles	329,090
Machinery and Equipment	114,858
	<hr/>
Totals	\$ 3,605,789
	<hr/> <hr/>

Overall capital assets decreased by \$68,144 from fiscal year 2014 to fiscal year 2015. There were increases of \$173,827 for facilities improvements buses and \$6,602 in purchases of equipment during the year under audit. This was offset by depreciation expense of \$248,573 for the year.

## **Long-Term Debt**

At June 30, 2015, the School District had \$435,510 of outstanding debt. Of this amount, \$154,598 is for compensated absences; \$210,912 for capital leases; and \$70,000 for general obligation bonds.

At June 30, 2015, the School District's overall legal debt margin was \$9,052,822 and the unvoted debt margin was \$8,982,822 or 99.2% 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, 2015**

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 526,064	\$ 59,273	\$ 585,337
Accounts Receivable			
State and Federal	102,736	3,828	106,564
Other	4,829	3,797	8,626
Interfund	1,735		1,735
Inventory		2,246	2,246
Restricted Assets			
Capital Reserve Cash	29,053		29,053
Capital Assets, Net (Note 5):	3,594,595	11,194	3,605,789
<b>Total Assets</b>	<u>4,259,012</u>	<u>80,338</u>	<u>4,339,350</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred Pension Outflows	<u>215,104</u>		<u>215,104</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	80,261	3,017	83,278
Accrued Interest Payable	817		817
Unearned Revenue		1,318	1,318
Net Pension Liability	1,499,685		1,499,685
Non-current Liabilities:			
Due within One Year	153,722		153,722
Due beyond One Year	281,788		281,788
<b>Total Liabilities</b>	<u>2,016,273</u>	<u>4,335</u>	<u>2,020,608</u>
<b>DEFERRED INFLOW OF RESOURCES:</b>			
Deferred Pension Inflows	<u>89,373</u>		<u>89,373</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	3,312,866	11,194	3,324,060
Restricted for:			
Capital Reserve	89,053		89,053
Maintenance Reserve	200,000		200,000
Excess Surplus	344,633		344,633
Special Revenue	(1,650)		(1,650)
Capital Projects Fund	9,228		9,228
Debt Service	1,200		1,200
Other Purposes	16,482		16,482
Unrestricted (Deficit)	<u>(1,603,342)</u>	<u>64,809</u>	<u>(1,538,533)</u>
<b>Total Net Position</b>	<u>\$ 2,368,470</u>	<u>\$ 76,003</u>	<u>\$ 2,444,473</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, 2015**

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
<b>Governmental Activities:</b>						
<b>Instruction:</b>						
Regular	\$ 1,727,278	\$	\$ 96,365	\$ (1,630,913)	\$	\$ (1,630,913)
Special Education	428,787			(428,787)		(428,787)
Other Instruction	176,572			(176,572)		(176,572)
<b>Support Services:</b>						
Tuition	2,488,476			(2,488,476)		(2,488,476)
Student & Instruction Related Services	532,332		109,489	(422,843)		(422,843)
General Administrative Services	216,215			(216,215)		(216,215)
School Administrative Services	156,081			(156,081)		(156,081)
Central Services	121,471			(121,471)		(121,471)
Admin. Info. Technology	16,083			(16,083)		(16,083)
Plant Operations & Maintenance	434,024			(434,024)		(434,024)
Student Transportation	419,370			(419,370)		(419,370)
Unallocated Employee Benefits	2,014,832		487,078	(1,527,754)		(1,527,754)
Unallocated Depreciation Expense	245,703			(245,703)		(245,703)
Interest on Long Term Debt	14,341			(14,341)		(14,341)
<b>Total Governmental Activities</b>	<b>8,991,565</b>		<b>692,932</b>	<b>(8,298,633)</b>		<b>(8,298,633)</b>
<b>Business-type Activities:</b>						
Food Service	131,097	77,410	66,957		13,270	13,270
School Care	46,044	37,929			(8,115)	(8,115)
<b>Total Business-type Activities</b>	<b>177,141</b>	<b>115,339</b>	<b>66,957</b>		<b>5,155</b>	<b>5,155</b>
<b>Total Primary Government</b>	<b>\$ 9,168,706</b>	<b>\$ 115,339</b>	<b>\$ 759,889</b>	<b>(8,298,633)</b>	<b>5,155</b>	<b>(8,293,478)</b>
<b>General Revenues:</b>						
<b>Local Tax Levy</b>						
General Purpose				3,965,591		3,965,591
Debt Service				70,353		70,353
Unrestricted Aid Federal and State				4,045,238		4,045,238
Interest				4,339		4,339
Tuition Revenue				34,319		34,319
Transportation Revenue				63,780		63,780
Rental				52,632		52,632
Gain on Fixed Asset Disposition						
Miscellaneous				7,310	55	7,365
<b>Total General Revenues and Transfers</b>				<b>8,243,562</b>	<b>55</b>	<b>8,243,617</b>
<b>Change in Net Position</b>				<b>(55,071)</b>	<b>5,210</b>	<b>(49,861)</b>
<b>Net Position—Beginning (Restated)</b>				<b>2,423,541</b>	<b>70,793</b>	<b>2,494,334</b>
<b>Net Position—Ending</b>				<b>\$ 2,368,470</b>	<b>\$ 76,003</b>	<b>\$ 2,444,473</b>

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, 2015**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 524,864			\$ 1,200	\$ 526,064
Cash Capital Reserve	29,053				29,053
Accounts Receivable					
State	6,437		68,774		75,211
Federal		27,525			27,525
Interfund	80,694				80,694
Other	4,829				4,829
<b>Total Assets</b>	<b>\$ 645,877</b>	<b>\$ 27,525</b>	<b>\$ 68,774</b>	<b>\$ 1,200</b>	<b>\$ 743,376</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 70,499	\$ 9,762			\$ 80,261
Unearned Revenue					
Interfund Payable		19,413	59,546		78,959
<b>Total Liabilities</b>	<b>70,499</b>	<b>29,175</b>	<b>59,546</b>		<b>159,220</b>
<b>Fund Balance:</b>					
<b>Restricted for:</b>					
Capital Reserve	29,053				29,053
Maintenance Reserve	200,000				200,000
Excess Surplus	173,713				173,713
Tuition Reserve - Designated for Subsequent Years Expenditures	60,000				60,000
<b>Committed to:</b>					
Year-End Encumbrances	9,686				9,686
<b>Assigned:</b>					
Excess Surplus - Designated for Subsequent Year's Expenditures	170,920				170,920
Designated for Subsequent Year's Expenditures	6,796				6,796
<b>Unassigned, Reported In:</b>					
General Fund	(74,790)				(74,790)
Special Revenue Fund		(1,650)			(1,650)
Capital Projects Fund			9,228		9,228
Debt Service Fund				1,200	1,200
<b>Total Fund Balance</b>	<b>575,378</b>	<b>(1,650)</b>	<b>9,228</b>	<b>1,200</b>	<b>584,156</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 645,877</b>	<b>\$ 27,525</b>	<b>\$ 68,774</b>	<b>\$ 1,200</b>	

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 \$8,989,032 and the accumulated depreciation of \$5,394,437 (Note 5).

3,594,595

Deferred Outflow of Resources - Deferred Pension Contribution.

215,104

Deferred Inflows of Resources - Pension Actuarial Gains.

(89,373)

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

(817)

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).

(435,510)

Pension Expense recognized for GAAP but not for budgetary purposes.

(1,499,685)

Net Position of Governmental Activities

\$ 2,368,470

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, 2015**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<b>REVENUES</b>					
Local sources:					
Local Tax Levy	\$ 3,965,591	\$	\$	\$ 70,353	\$ 4,035,944
Tuition - Preschool	34,319				34,319
Transportation	63,780				63,780
Interest on Investments	4,114				4,114
Interest on Investments - Capital Reserve	225				225
Rental	52,632				52,632
Miscellaneous	7,310				7,310
Total Local Sources	4,127,971			70,353	4,198,324
State Sources	3,950,734	16,500	68,774		4,036,008
Federal Sources		201,702			201,702
Total Revenues	8,078,705	218,202	68,774	70,353	8,436,034
<b>EXPENDITURES</b>					
Regular Instruction	1,630,913	96,365			1,727,278
Special Education	428,787				428,787
Other Instruction	176,572				176,572
Support Services and Undistributed Costs:					
Tuition	2,488,476				2,488,476
Student & Instruction Related Services	422,843	109,489			532,332
General Administrative Services	216,215				216,215
School Administrative Services	156,081				156,081
Central Services	121,471				121,471
Admin. Info. Technology	16,083				16,083
Plant Operations & Maintenance	434,024				434,024
Student Transportation	419,370				419,370
Unallocated Employee Benefits	1,471,967	12,348			1,484,315
Capital Outlay	98,477		172,046		270,523
Debt Service					
Principal				65,000	65,000
Interest				5,400	5,400
Total Expenditures	8,081,279	218,202	172,046	70,400	8,541,927
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,574)		(103,272)	(47)	(105,893)
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital Outlay Transferred to Capital Projects Fund	(112,500)		112,500		
Total Other Financing Sources and Uses	(112,500)		112,500		
Net Change in Fund Balances	(115,074)		9,228	(47)	(105,893)
Fund Balance—July 1	690,452	(1,650)		1,247	690,049
Fund Balance—June 30	\$ 575,378	\$ (1,650)	\$ 9,228	\$ 1,200	\$ 584,156

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, 2015**

**Total Net Change in Fund Balances - Governmental Funds (from B-2)** \$ (105,893)

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	\$	(245,703)	
Capital Outlay		180,429	
		(65,274)	(65,274)

Pension contributions are reported in governmental funds as expenditures. However, in the statement of Activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period. (19,335)

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 65,000

Issuance of New Capital Leases is a Non-operating increase to Fund Balance in the Governmental Statement of Revenues, Expenditures and Changes in Fund Balance but is not reported as an increase in the Statement of Net Position. 80,620

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. 533

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). (10,722)

**Change in Net Position of Governmental Activities (A-2)** \$ (55,071)

**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, 2015**

	<u>FOOD SERVICE FUND</u>	<u>SCHOOL CARE</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 38,816	\$ 20,457	\$ 59,273
Accounts Receivable			
State	112		112
Federal	3,716		3,716
Other	3,752	45	3,797
Inventories	2,246		2,246
Total Current Assets	<u>48,642</u>	<u>20,502</u>	<u>69,144</u>
Noncurrent Assets:			
Equipment	137,974		137,974
Less: Accumulated Depreciation	(126,780)		(126,780)
Total Noncurrent Assets	<u>11,194</u>		<u>11,194</u>
Total Assets	<u>59,836</u>	<u>20,502</u>	<u>80,338</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable	3,017		3,017
Unearned Revenue	1,318		1,318
Total Current Liabilities	<u>4,335</u>		<u>4,335</u>
<b>NET POSITION:</b>			
Unrestricted	<u>55,501</u>	<u>20,502</u>	<u>76,003</u>
Total Net Position	<u>55,501</u>	<u>20,502</u>	<u>76,003</u>
Total Liabilities and Net Position	<u>\$ 59,836</u>	<u>\$ 20,502</u>	<u>\$ 80,338</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, 2015**

	FOOD SERVICE FUND	SCHOOL CARE	TOTAL
<b>OPERATING REVENUES</b>			
Local Sources			
Daily Sales			
Reimbursable Programs	\$ 33,470	\$	\$ 33,470
Non-Reimbursable Programs	23,225		23,225
Special Functions	20,697		20,697
Program Fees	18	37,929	37,947
Total Operating Revenue:	77,410	37,929	115,339
<b>OPERATING EXPENSES</b>			
Labor	39,604	32,302	71,906
Depreciation	2,870		2,870
Cost of Sales	64,335		64,335
Supplies and Materials	8,175	13,742	21,917
Management Fee	11,947		11,947
Other	4,166		4,166
Total Operating Expenses	131,097	46,044	177,141
Operating Income (Loss)	(53,687)	(8,115)	(61,802)
<b>NONOPERATING REVENUES</b>			
State Sources			
State School Lunch Program	1,214		1,214
Federal Sources			
National School Lunch Program	41,189		41,189
School Breakfast Program	12,148		12,148
Food Distribution Program	12,406		12,406
Interest	31	24	55
Total Non-operating Revenues	66,988	24	67,012
Net Income (Loss) Before Operating Transfers	13,301	(8,091)	5,210
Change in Net Position	13,301	(8,091)	5,210
Total Net Position—Beginning	42,200	28,593	70,793
Total Net Position—Ending	\$ 55,501	\$ 20,502	\$ 76,003

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, 2015**

	<u>FOOD SERVICE FUND</u>	<u>SCHOOL CARE</u>	<u>TOTAL</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ (53,687)	\$ (8,115)	\$ (61,802)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities			
Food Distribution Program	12,406		12,406
Depreciation	2,870		2,870
Change in Assets and Liabilities			
(Increase) Decrease in Inventory	502		502
Increase (Decrease) in Receivables	(2,297)		(2,297)
Increase (Decrease) in Unearned Revenue	335		335
Increase (Decrease) in Payables	(5,576)		(5,576)
Net Cash Provided (Used) by Operating Activities	<u>(45,447)</u>	<u>(8,115)</u>	<u>(53,562)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash Received from State and Federal Reimbursements	54,551		54,551
Net Cash Provided (Used) by Noncapital Financing Activities	<u>54,551</u>		<u>54,551</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of Capital Assets			
Net Cash Provided (Used) by Capital and Related Financing Activities			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on Investments	31	24	55
Net Cash Provided (Used) by Investing Activities	<u>31</u>	<u>24</u>	<u>55</u>
Net Increase (Decrease) in Cash and Cash Equivalents	9,135	(8,091)	1,044
Cash and Cash Equivalents - Beginning of Year	29,681	28,548	58,229
Cash and Cash Equivalents - End of Year	<u>\$ 38,816</u>	<u>\$ 20,457</u>	<u>\$ 59,273</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, 2015**

	<u>EXPENDABLE</u> <u>TRUST</u> <u>SCHOLARSHIP</u> <u>TRUST</u>	<u>AGENCY</u> <u>STUDENT</u> <u>ACTIVITY</u>	<u>PAYROLL</u>	<u>TOTAL</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 14,798	\$ 14,663	\$ 20,060	\$ 49,521
Investments		1,816		1,816
Total Assets	<u>14,798</u>	<u>16,479</u>	<u>20,060</u>	<u>51,337</u>
<b>LIABILITIES</b>				
Interfunds Payable			1,735	1,735
Deductions Payable			18,325	18,325
Due to Student Groups		16,479		16,479
Total Liabilities		<u>16,479</u>	<u>20,060</u>	<u>36,539</u>
<b>NET POSITION</b>				
Reserved for Scholarships	14,798			14,798
Total Net Position	<u>\$ 14,798</u>	<u>\$</u>	<u>\$</u>	<u>\$ 14,798</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, 2015

	<u>SCHOLARSHIP TRUST</u>
<b>OPERATING REVENUES</b>	
Local Sources	
Contributions	\$
Interest on Investments	22
Total Operating Revenues	<u>22</u>
<b>OPERATING EXPENDITURES</b>	
Awards	500
Total Operating Expenditures	<u>500</u>
Change in Net Position	(478)
Net Position—Beginning of the Year	<u>15,276</u>
Net Position—End of the Year	<u>\$ 14,798</u>

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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 367 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, 2015

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

**New Accounting Standards:**

During fiscal year 2015, the district adopted the following GASB statements:

- 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.
- 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 hat 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.
- In November 2013, the GASB issued Statement 71, *Pension Transition for Contributions made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. GASBS 71 is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This Statement is effective for fiscal years beginning after June 15, 2014. The adoption of GASB 71, will impact the financial statements of the School District's.

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

- GASB 69, *Government Combinations and disposals of Government Operations*, is effective for periods beginning after December 15, 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The District is currently evaluating the impact of the adoption of this Statement on the School District's financial statements, although no impact is expected.

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

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

**New Accounting Standards (Cont'd):**

**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.

**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:

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**  
**GOVERNMENTAL FUND TYPE**

**B. Fund Accounting (Cont'd):**

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

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

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

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

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

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

**PROPRIETARY FUNDS**

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

**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.

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

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

**B. Fund Accounting (Cont'd):**

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

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net position) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position. Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are 12 Years for Equipment.

**FIDUCIARY FUNDS**

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

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

**Expendable Trust Fund** - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The Board approved \$500 in scholarship awards in 2014-2015.

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

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

**C. Basis of Accounting and Measurement Focus:**

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

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

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

**Basis of Accounting and Measurement Focus: (Cont'd)**

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.

**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.

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

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

**D. Budgets/Budgetary Control (Cont'd):**

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, 2015

**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 \$1,218. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

Inventory in the Food Service Fund at June 30, 2015 consisted of the following:

Food	\$ 1,714
Supplies	<u>532</u>
	<u>\$ 2,246</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, 2015**

**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, 2015

**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, 2015**

**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, 2015.

**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, 2015

**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, 2015, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	<b>Cash and Cash Equivalents</b>
Checking accounts	\$ 662,175
Certificates of Deposit	1,816
Total	<u>\$ 663,991</u>

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

Custodial Credit Risk:

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, NJSA17:9-41tseq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2015 the School District's bank balance of \$843,408 was exposed to custodial credit risk as follows:

	<u>Cash and Cash Equivalents</u>
Insured	\$ 250,000
Uninsured and collateralized with securities held by pledging financial institutions	593,408
Total	<u>\$ 843,408</u>

**NOTE 4. CAPITAL RESERVE ACCOUNT**

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facility Plan (LRFP). Upon submission of the LRFP to the department, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the support costs of uncompleted projects in its approved LRFP. During the 2005-06 school year, \$24,749 was appropriated as an addition to the capital reserve account. In addition, there was \$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 11-12, \$225 in 12-13, \$225 in 2013-14 and \$225 in 2014-15, resulting in a balance at June 30, 2015 of \$29,053.

The June 30, 2015 LRFP balance of local support costs of uncompleted capital projects at June 30, 2015 is \$476,319. There were no withdrawals from the capital reserve for use in a DOE approved facilities project during the 2014-15 School Year.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Land - Capital Assets not Depreciated	\$ 781,429	\$ -	\$ -	\$ 781,429
Facility and Improvements	6,876,461	\$ 173,827		7,050,288
Transportation	617,198			617,198
Machinery and Equipment	533,515	6,602		540,117
Totals at Historical Cost	8,027,174	180,429		8,207,603
Less Accumulated Depreciation	(5,148,734)	(245,703)		(5,394,437)
	<u>2,878,440</u>	<u>(65,274)</u>		<u>2,813,166</u>
Government Activities - Capital Assets, Net	<u>\$ 3,659,869</u>	<u>\$ (65,274)</u>	<u>\$ -</u>	<u>\$ 3,594,595</u>
<b>Business-type Activities</b>				
Equipment	\$ 137,974			\$ 137,974
Accumulated Depreciation	(123,910)	\$ (2,870)		(126,780)
Business-type Activities Capital Assets, Net	<u>\$ 14,064</u>	<u>\$ (2,870)</u>	<u>\$ -</u>	<u>\$ 11,194</u>

Depreciation was Charged to Governmental Functions as Follows:

Unallocated	<u>\$ 245,703</u>
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**NOTE 6. GENERAL LONG-TERM DEBT**

During the fiscal year ended June 30, 2015, the following changes occurred in long-term obligations:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>	<u>Long Term Portion</u>
<b>Governmental Activities:</b>						
<b>Bonds payable:</b>						
General obligation debt	\$ 135,000	\$ -	\$ (65,000)	\$ 70,000	\$ 70,000	\$ -
Total bonds payable	135,000		(65,000)	70,000	70,000	
<b>Other Liabilities:</b>						
Obligations under Capital Leases	291,532		(80,620)	210,912	83,722	127,190
Compensated absences Payable	143,876	10,722		154,598		154,598
Total other liabilities	<u>\$ 570,408</u>	<u>\$ 10,722</u>	<u>\$ (145,620)</u>	<u>\$ 435,510</u>	<u>\$ 153,722</u>	<u>\$ 281,788</u>

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 6. GENERAL LONG-TERM DEBT**

**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>
2016	\$ 70,000	\$ 2,800	\$ 72,800
	\$ 70,000	\$ 2,800	\$ 72,800

**B. Bonds Authorized But Not Issued** – As of June 30, 2015, the District had no authorized but not issued bonds.

**C. Capital Leases** – The District is leasing transportation equipment under capital leases. The leases are for terms of two to five years with interest rates ranging from 4.28% to 5.50%. The following schedule details the future minimum and the net minimum lease payments at June 30, 2015.

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 83,722	\$ 5,930	\$ 89,652
2017	66,799	3,590	70,389
2018	60,391	1,785	62,176
	\$ 210,912	\$ 11,305	\$ 222,217

**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](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.

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 7. PENSION PLANS (CONT'D)**

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

For the year ended June 30, 2015, the District recognized pension expense of \$617,456 and revenue of \$617,456 for support provided by the State.

**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.

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

For the year ended June 30, 2015, the District recognized pension expense of \$85,368.

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$
Changes of assumptions	47,158	
Net difference between projected and actual earnings on pension plan investments		89,373
Changes in proportion and differences between District contributions and proportionate share of contributions	101,913	
District contributions subsequent to the measurement date	66,033	
Total	<u>\$ 215,104</u>	<u>\$ 89,373</u>

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 7. PENSION PLANS (CONT'D)**

\$215,104 reported as deferred outflows of resources related to pensions resulting from school district or charter school project contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Additional Information**

Collective balances at June 30, 2013 and 2014 are as follows:

	<u>6/30/2014</u>	<u>6/30/2013</u>
Collective deferred outflows of resources	\$ 1,032,618,058	\$
Collective deferred inflows of resources	1,726,631,532	
Collective net pension liability	14,665,837,859	15,190,834,283
District's Proportion	0.8009965500	0.7378700300

**Significant Legislation**

P.L. 2011, c. 78, effective October 2011, set new employee contribution requirements towards the cost of employer provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this legislation's effective date with a minimum contribution required to be at least 1.5 percent of salary.

- 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).

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 7. PENSION PLANS (CONT'D)**

**Vesting and Benefit Provisions (Continued)**

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</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/15	\$ 66,033	100%	\$ 66,033
6/30/14	55,597	100%	55,597
6/30/13	37,064	100%	37,064

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

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/15	\$ 302,728	100%	\$ 0
6/30/14	239,747	100%	0
6/30/13	295,548	100%	0

**Vesting and Benefit Provisions (Continued)** – During the fiscal year ended June 30, 2015, the State of New Jersey contributed \$116,996 to the TPAF for pension contributions and \$185,732 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 \$172,002 during the year ended June 30, 2015, 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, 2014, there were 103,432 retirees receiving post retirement medical benefits and the State contributed \$1.04 billion on their behalf.

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 8. POST-RETIREMENT BENEFITS (CONT'D)**

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

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

**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.

**NOTE 11. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2015:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 80,694	\$
Special Projects Fund		19,413
Capital Projects fund		59,546
Payroll Fund		1,735
Total	\$ 80,694	\$ 80,694

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 12. FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$575,378 General Fund balance at June 30, 2015, \$9,686 is committed for Encumbrances; \$29,053 has been restricted for Capital Reserve; \$200,000 has been restricted for Maintenance Reserve; \$60,000 has been restricted for Tuition Reserve of which \$60,000, has been appropriated and included as anticipated revenue for the year ending June 30, 2016; \$344,633 is restricted as Excess Surplus at June 30, 2015, of which \$170,920, has been appropriated and included as anticipated revenue for the year ending June 30, 2016; \$6,796 has been assigned and appropriated and included as anticipated revenue for the year ended June 30, 2016; and (\$74,790) represents deficit in unassigned and Undesignated Fund Balance.

**Debt Service Fund** – The Debt Service fund had fund balance at June 30, 2015 of \$1,200.

**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 of \$173,713 is to be anticipated in the 2016-17 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, 2014 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. Depositions have been conducted and a status conference is scheduled for November 19, 2014, with the discovery end date being December 30, 2014.

**NOTE 15. OPERATING LEASE**

The District had no new operating lease agreements during the 2014-2015 school year.

**NOTE 16. DEFICIT FUND BALANCES**

The District has deficit fund balances of \$74,790 unassigned in the General Fund and \$1,650 in the Special Revenue Fund, as of June 30, 2015, 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 19<sup>th</sup> and 20<sup>th</sup> payments. The Special Revenue Fund deficit of \$1,650 is equal to the 19<sup>th</sup> and 20<sup>th</sup> payments received in July 2015.

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 17. RETRO ACTIVE RESTATEMENT OF NET POSITION**

**Restatement of Prior Period**

The District adopted GASB No. 68 - Accounting and Financial Reporting for Pensions - An amendment of GASB No. 27 during the 2015 fiscal year as required by the pronouncement. The pronouncement requires the district to record its proportional share of the State of New Jersey's net pension liability on the face of its financial statements as of June 30, 2015 and to record related pension expense in accordance with the pronouncement. In order to correctly reflect pension expense in accordance with GASB No. 68, the beginning Net Position of the district was adjusted to reflect the beginning balance of the net pension liability. Since the adjustments to Net Position relate to the beginning net pension liability measured as of June 30, 2013. Also, in accordance with GASB No. 71- Pension Transition for Contributions Made Subsequent to the Measurement Date, the district restated to its Net Position for pension contributions made after the beginning net pension liability measurement date of June 30, 2013 (deferred outflows).

Beginning net position as previously reported at June 30, 2014	\$3,778,160
Prior Period Adjustment - Implementation GASB 68:	
Net Pension Liability (measurement date)	(1,410,216)
Net Deferred Outflows	<u>55,597</u>
Net Position as restated, July 1, 2014	<u>\$2,423,541</u>

**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, 2015**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 3,965,591	\$	\$ 3,965,591	\$ 3,965,591	\$
Tuition from Individuals - Preschool	15,000		15,000	34,319	19,319
Transportation from Other LEAs	47,000		47,000	63,780	16,780
Interest on Investments				4,114	4,114
Interest on Capital Reserve Account				225	225
Rentals	45,000		45,000	52,632	7,632
Miscellaneous	5,000		5,000	7,310	2,310
<b>Total Local Sources</b>	<u>4,077,591</u>		<u>4,077,591</u>	<u>4,127,971</u>	<u>50,380</u>
State Sources:					
Equalization Aid	2,602,252		2,602,252	2,602,252	
School Choice	155,078		155,078	142,835	(12,243)
Special Education Aid	300,139		300,139	300,139	
Transportation Aid	316,928		316,928	316,928	
Security Aid	55,469		55,469	55,469	
Under Adequacy Aid	37,291		37,291	37,291	
PARCC Readiness Aid	5,200		5,200	5,200	
Per Pupil Growth Aid	5,200		5,200	5,200	
Nonpublic Transportation Aid				6,075	6,075
On-Behalf TPAF Pension Contribution (non-budgeted)				116,996	116,996
On-Behalf TPAF Postretirement Medical Contribution (non-budgeted)				185,732	185,732
Reimbursed TPAF Social Security (non-budgeted)				172,002	172,002
<b>Total State Sources</b>	<u>3,477,557</u>		<u>3,477,557</u>	<u>3,946,119</u>	<u>468,562</u>
Federal Sources:					
<b>TOTAL REVENUES</b>	<u>\$ 7,555,148</u>	<u>\$</u>	<u>\$ 7,555,148</u>	<u>\$ 8,074,090</u>	<u>\$ 518,942</u>

**UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<b>EXPENDITURES:</b>	<b>Original Budget</b>	<b>Budget Adjustments Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Current Expense:</b>					
Regular Programs - Instruction					
Salaries of Teachers:					
Preschool	\$ 37,440	\$ (751)	\$ 36,689	\$ 36,689	\$
Kindergarten	154,014	8,073	162,087	162,087	
Grades 1-5	761,732	(44,898)	716,834	716,834	
Grades 6-8	618,484	21,308	639,792	639,792	
Regular Programs - Home Instruction					
Salaries of Teachers	1,000	3,240	4,240	4,240	
Purchased Professional/Educational Services	5,000	(3,672)	1,328	1,328	
Regular Programs - Undistributed Instruction					
Purchased Technical Services	2,500	(662)	1,838	1,838	
Other Purchased Services	37,100	(13,335)	23,765	23,765	
General Supplies	48,500	(6,414)	42,086	42,014	72
Textbooks	2,500	(125)	2,375	2,326	49
<b>Total Regular Programs - Instruction</b>	<b>1,668,270</b>	<b>(37,236)</b>	<b>1,631,034</b>	<b>1,630,913</b>	<b>121</b>
Special Education - Instruction					
Resource Room/Resource Center					
Salaries of Teachers	331,962	3,761	335,723	335,643	80
Other Salaries for Instruction	109,764	(16,864)	92,900	91,387	1,513
General Supplies	1,300	457	1,757	1,757	
<b>Total Learning and Language Disabilities</b>	<b>443,026</b>	<b>(12,646)</b>	<b>430,380</b>	<b>428,787</b>	<b>1,593</b>
<b>Total Special Education</b>	<b>443,026</b>	<b>(12,646)</b>	<b>430,380</b>	<b>428,787</b>	<b>1,593</b>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	78,066	32,734	110,800	110,800	
<b>Total Basic Skills/Remedial - Instruction</b>	<b>\$ 78,066</b>	<b>\$ 32,734</b>	<b>\$ 110,800</b>	<b>\$ 110,800</b>	<b>\$</b>

**UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Adjustments Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES: (Continued)</b>					
Bilingual Education - Instruction					
Salaries of Teachers	\$ 56,690	\$ (19,922)	\$ 36,768	\$ 36,768	\$
General Supplies		346	346	346	
<b>Total Bilingual Education - Instruction</b>	<b>56,690</b>	<b>(19,576)</b>	<b>37,114</b>	<b>37,114</b>	
School Sponsored Co/Extra-Curricular Activities - Instruction					
Salaries	15,000	4,801	19,801	19,801	
Supplies and Materials	500	(340)	160	160	
Other Objects		620	620	620	
<b>Total School Sponsored Co/Extra-Curricular Activities</b>	<b>15,500</b>	<b>5,081</b>	<b>20,581</b>	<b>20,581</b>	
School Sponsored Athletic Activities					
Salaries	10,000	(5,617)	4,383	4,383	
Purchased Services	3,500	(406)	3,094	3,094	
Supplies and Materials	1,500	(1,500)			
Other Objects	600		600	600	
<b>Total School Sponsored Athletic Activities</b>	<b>15,600</b>	<b>(7,523)</b>	<b>8,077</b>	<b>8,077</b>	
<b>Total Instruction</b>	<b>2,277,152</b>	<b>(39,166)</b>	<b>2,237,986</b>	<b>2,236,272</b>	<b>1,714</b>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State - Regular	2,004,973		2,004,973	2,004,973	
Tuition to Other LEAs Within State - Special	179,600	8,343	187,943	186,611	1,332
Tuition County Voc. School Dist - Regular	61,770	(773)	60,997	60,997	
Tuition to CSSD and Regional Day Schools	84,150	57,577	141,727	141,151	576
Tuition to Private Schools/Disabled Within State	107,186	(27,248)	79,938	70,064	9,874
Tuition - State Facilities		4,500	4,500	4,500	
Tuition Other		20,180	20,180	20,180	
<b>Total Undistributed Expenditures - Instruction</b>	<b>2,437,679</b>	<b>62,579</b>	<b>2,500,258</b>	<b>2,488,476</b>	<b>11,782</b>
Attendance and Social Worker Services					
Salaries	13,114	(2,314)	10,800	10,800	
<b>Total Attendance and Social Worker Services</b>	<b>13,114</b>	<b>(2,314)</b>	<b>10,800</b>	<b>10,800</b>	
Health Services					
Salaries	73,440	1,595	75,035	75,035	
Purchased Professional and Technical Services	3,800	(1,068)	2,732	1,736	996
Supplies and Materials	2,000	(1,216)	784	784	
Other Objects		85	85	85	
<b>Total Health Services</b>	<b>\$ 79,240</b>	<b>\$ (604)</b>	<b>\$ 78,636</b>	<b>\$ 77,640</b>	<b>\$ 996</b>

**UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES: (Continued)</b>					
Speech, OT, PT and Related Services					
Salaries	\$ 68,240	\$ 1,438	\$ 69,678	\$ 69,678	\$
Purchased Professional/Educational Services	25,000	12,738	37,738	32,790	4,948
<b>Total Related Services</b>	<b>93,240</b>	<b>14,176</b>	<b>107,416</b>	<b>102,468</b>	<b>4,948</b>
Special Education - Extraordinary Services					
Salaries	56,928	(32,372)	24,556	24,406	150
Purchased Professional/Educational Services	42,000	20,530	62,530	60,179	2,351
<b>Total Extraordinary Services</b>	<b>98,928</b>	<b>(11,842)</b>	<b>87,086</b>	<b>84,585</b>	<b>2,501</b>
Other Support Services Students - Guidance					
Salaries of Other Professional Staff	57,340		57,340	57,340	
Purchased Professional/Educational Services	750	(750)			
Supplies and Materials	400	(238)	162	162	
<b>Total Other Support Services Students - Guidance</b>	<b>58,490</b>	<b>(988)</b>	<b>57,502</b>	<b>57,502</b>	
Other Support Services Student - Child Study Team					
Salaries of Other Professional Staff		6,000	6,000	6,000	
Salaries of Secretarial and Clerical Assistants	12,011	(9)	12,002	12,002	
Purchased Professional/Educational Services	18,275	(1,264)	17,011	17,011	
Other Professional and Technical Services	2,000	(1,040)	960	960	
Supplies and Materials	2,000	790	2,790	2,790	
<b>Total Other Support Services Students - Child Study Team</b>	<b>34,286</b>	<b>4,477</b>	<b>38,763</b>	<b>38,763</b>	
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	23,853	(3,191)	20,662	19,290	1,372
Purchased Professional/Educational Services		640	640	640	
<b>Total Educational Media/School Library</b>	<b>23,853</b>	<b>(2,551)</b>	<b>21,302</b>	<b>19,930</b>	<b>1,372</b>
Educational Media Services/School Library					
Salaries	18,080	(4,508)	13,572	13,572	
Purchased Professional and Technical Services	2,500	199	2,699	2,699	
Supplies and Materials	3,200	(820)	2,380	2,377	3
<b>Total Educational Media/School Library</b>	<b>\$ 23,780</b>	<b>\$ (5,129)</b>	<b>\$ 18,651</b>	<b>\$ 18,648</b>	<b>\$ 3</b>

**UPPER PITTSBURGH TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<b>EXPENDITURES: (Continued)</b>	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Instructional Staff Training Services					
Purchased Professional- Educational Services	\$ 7,000	\$ 250	\$ 7,250	\$ 7,250	\$
Other Prof/Tech Services	1,400		1,400	1,400	
Other Purchased Services (400-500 series)	5,000	(1,222)	3,778	3,778	
Other Objects		79	79	79	
<b>Total Instructional Staff Training Services</b>	<b>13,400</b>	<b>(893)</b>	<b>12,507</b>	<b>12,507</b>	
Support Services General Administration					
Salaries	45,765	231	45,996	45,996	
Legal Services	7,000	4,191	11,191	11,191	
Audit Fees	13,500	310	13,810	13,810	
Other Purchased Professional Services	88,500	(5,228)	83,272	83,272	
Purchased Technical Services	4,000	(3,999)	1		1
Communications/Telephone	20,000	12,876	32,876	32,876	
BOE Other Purchased Services		18,344	18,344	18,344	
Misc Purchased Services (400-500) [Other then 530&585]	13,366	(13,366)			
General Supplies	2,500	551	3,051	3,051	
BOE Membership Dues and Fees	6,300	1,375	7,675	7,675	
<b>Total Support Services General Administration</b>	<b>200,931</b>	<b>15,285</b>	<b>216,216</b>	<b>216,215</b>	<b>1</b>
Support Services School Administration					
Salaries of Principals/Assistant Principals	95,411	2,713	98,124	98,124	
Salaries of Secretarial and Clerical Assistants	47,884	(8,051)	39,833	39,833	
Other Salaries	3,000	(2,064)	936	631	305
Purchased Prof. And Tech. Services	9,500	663	10,163	9,975	188
Supplies and Materials	2,500	4,544	7,044	5,676	1,368
Other Objects	1,200	642	1,842	1,842	
<b>Total Support Service School Administration</b>	<b>159,495</b>	<b>(1,553)</b>	<b>157,942</b>	<b>156,081</b>	<b>1,861</b>
Central Services					
Purchased Professional Services	106,000		106,000	106,000	
Purchased Technical Services	10,000	241	10,241	9,400	841
Supplies and Materials	3,000	2,657	5,657	2,778	2,879
Interest on Lease Purchase Agreement	3,293		3,293	3,293	
Miscellaneous Expenditures	150	(150)			
<b>Total Central Services</b>	<b>122,443</b>	<b>2,748</b>	<b>125,191</b>	<b>121,471</b>	<b>3,720</b>
Admin. Info. Technology					
Salaries	\$ 16,108	\$	\$ 16,108	\$ 16,083	\$ 25

**UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES: (Continued)</b>					
Required Maintenance of School Facilities					
Cleaning, Repair and Maintenance Services	\$ 49,000	\$ (98)	\$ 48,902	\$ 44,702	\$ 4,200
General Supplies	1,500	1,590	3,090	3,069	21
Other Objects	200	132	332	332	
<b>Total Required Maintenance of School Facilities</b>	<b>50,700</b>	<b>1,624</b>	<b>52,324</b>	<b>48,103</b>	<b>4,221</b>
Undistributed Expenditures - Custodial Services					
Salaries	177,542	(2,625)	174,917	174,833	84
Cleaning, Repair and Maintenance Services	60,000	(28,595)	31,405	22,227	9,178
Insurance	42,548	(1,962)	40,586	40,587	(1)
General Supplies	26,500	20,095	46,595	44,301	2,294
Energy - Natural Gas	3,500		3,500	3,266	234
Energy - Electricity	104,823		104,823	100,707	4,116
<b>Total Undist. Expend - Custodial Services</b>	<b>414,913</b>	<b>(13,087)</b>	<b>401,826</b>	<b>385,921</b>	<b>15,905</b>
<b>Total Other Operations and Maintenance of Plant Services</b>	<b>465,613</b>	<b>(11,463)</b>	<b>454,150</b>	<b>434,024</b>	<b>20,126</b>
Student Transportation Services					
Salaries for Pupil Trans (Between Home/School) - Regular	138,241	6,681	144,922	144,922	
Salaries for Pupil Trans (Between Home/School) - Special	18,780	(4,743)	14,037	14,037	
Salaries for Pupil Trans (Other than Between Home/School)	6,000	3,823	9,823	6,788	3,035
Cleaning, Repair and Maintenance Services	40,000	(5,096)	34,904	31,704	3,200
Lease Purchase Payments - School Buses	6,238		6,238	6,238	
Contract Services (Special Education Stds)-Joint Agrmts	15,000	38,950	53,950	53,950	
Contract Services (Special Education Stds)-ESCs & CTSA's	50,000	14,616	64,616	64,616	
Contract Services-Aid in Lieu Payments-Non Public School	26,520	(5,751)	20,769	19,001	1,768
Miscellaneous Purchased Services - Transportation	16,500	844	17,344	17,344	
General Supplies	84,000	(17,788)	66,212	60,770	5,442
<b>Total Student Transportation Services</b>	<b>\$ 401,279</b>	<b>\$ 31,536</b>	<b>\$ 432,815</b>	<b>\$ 419,370</b>	<b>\$ 13,445</b>

**UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>EXPENDITURES: (Continued)</b>					
Employee Benefits					
Social Security Contributions	\$ 64,000	\$ (4,146)	\$ 59,854	\$ 59,854	
Other Retirement Contributions - PERS	78,950	49,833	128,783	66,033	62,750
Unemployment Compensation	18,000	4,467	22,467	22,467	
Workmen's Compensation	37,745	(963)	36,782	36,782	
Health Benefits	886,630	(90,316)	796,314	796,314	
Tuition Reimbursements	11,000	(6,807)	4,193	4,193	
Other Employee Benefits	11,000	594	11,594	11,594	
<b>Total Employee Benefits</b>	<b>1,107,325</b>	<b>(47,338)</b>	<b>1,059,987</b>	<b>997,237</b>	<b>62,750</b>
On-Behalf TPAF Pension Contribution (non-budgeted)				116,996	(116,996)
On-Behalf TPAF Postretirement Contribution (non-budgeted)				185,732	(185,732)
Reimbursed TPAF Social Security (non-budgeted)				172,002	(172,002)
<b>Total On-Behalf Contributions</b>				<b>474,730</b>	<b>(474,730)</b>
<b>Total Undistributed Expenditures</b>	<b>5,349,204</b>	<b>46,126</b>	<b>5,395,330</b>	<b>5,746,530</b>	<b>(351,200)</b>
<b>Total Expenditures - Current Expense</b>	<b>7,626,356</b>	<b>6,960</b>	<b>7,633,316</b>	<b>7,982,802</b>	<b>(349,486)</b>
Capital Outlay					
Increase in Capital Reserve					
Equipment					
Undistributed Expenditures:					
Instruction	4,000	2,603	6,603	2,603	4,000
Central Services - Equipment	4,000	3,999	7,999	3,999	4,000
Custodial Services	14,293		14,293	14,293	
School Busses - Regular	66,327		66,327	66,327	
<b>Total Equipment</b>	<b>88,620</b>	<b>6,602</b>	<b>95,222</b>	<b>87,222</b>	<b>8,000</b>
Facilities Acquisitions and Construction Services					
Interest Deposit to Capital Reserve		225	225		225
Other Purchased Prof/ Tech. Services		1,781	1,781	1,781	
Assessment for Debt Service on SDA Funding	9,474		9,474	9,474	
<b>Total Facilities Acquisitions and Construction Services</b>	<b>9,474</b>	<b>2,006</b>	<b>11,480</b>	<b>11,255</b>	<b>225</b>
Assets Acquired Under Capital Leases (non-budgeted)					
Undistributed Expenditures					
<b>Total Assets Acquired Under Capital Leases (non-budgeted)</b>					
<b>Total Capital Outlay</b>	<b>98,094</b>	<b>8,608</b>	<b>106,702</b>	<b>98,477</b>	<b>8,225</b>
<b>Total Expenditures</b>	<b>\$ 7,724,450</b>	<b>\$ 15,568</b>	<b>\$ 7,740,018</b>	<b>\$ 8,081,279</b>	<b>\$ (341,261)</b>

**UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES: (Continued)</b>					
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (169,302)	\$ (15,568)	\$ (184,870)	\$ (7,189)	\$ 177,681
Other Financing Sources (Uses):					
Capital Outlay Transferred to Capital Projects Fund		(112,500)	(112,500)	(112,500)	
Total Other Financing Sources (Uses)		(112,500)	(112,500)	(112,500)	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(169,302)	(128,068)	(297,370)	(119,689)	177,681
Fund Balances, July 1	1,025,932		1,025,932	1,025,932	
Fund Balances, June 30	\$ 856,630	\$ (128,068)	\$ 728,562	\$ 906,243	\$ 177,681

**RECAPITULATION :**

**Fund Balances**

**Restricted for:**

Capital Reserve	\$ 29,053
Maintenance Reserve	200,000
Tuition Reserve - Designated for Subsequent Year's Expenditures	60,000
Excess Surplus	173,713
Excess Surplus - Designated for Subsequent Year's Expenditures	170,920

**Assigned to:**

Year - End Encumbrances	9,686
<b>Assigned Fund Balance</b> - Designated for Subsequent Year's Expenditures	6,796
<b>Unassigned Fund Balance</b>	256,075
	<hr/>
	906,243

Reconciliation to Governmental Funds Statements (GAAP):

Last State Aid Payment not Recognized on GAAP Basis	(330,865)
Fund Balance per Governmental Funds (GAAP)	\$ 575,378

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>					
Federal Sources	\$ 174,784	\$ 24,469	\$ 199,253	\$ 199,849	\$ 596
State Sources		16,500	16,500	16,500	
<b>Total Revenues</b>	<u>174,784</u>	<u>40,969</u>	<u>215,753</u>	<u>216,349</u>	<u>596</u>
<b>EXPENDITURES</b>					
<b>Instruction</b>					
Salaries of Teachers	67,089	(5,389)	61,700	61,700	
Purchased Prof/Technical Services		10,631	10,631	10,631	
Supplies and Materials		22,181	22,181	22,181	
<b>Total Instruction</b>	<u>67,089</u>	<u>27,423</u>	<u>94,512</u>	<u>94,512</u>	
<b>Support Services</b>					
Personal Services - Employee Benefits		11,752	11,752	12,348	596
Purchased Prof/Technical Services	107,695	1,794	109,489	109,489	
<b>Total Support Services</b>	<u>107,695</u>	<u>13,546</u>	<u>121,241</u>	<u>121,837</u>	<u>596</u>
<b>Facilities Acquisition and Construction Services</b>					
Instructional Equipment					
<b>Total Facilities Acquisition and Construction Services</b>					
<b>Total Expenditures</b>	<u>174,784</u>	<u>40,969</u>	<u>215,753</u>	<u>216,349</u>	<u>596</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

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

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT**  
**BUDGET-TO-GAAP RECONCILIATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis) "revenue" from the Budgetary Comparison Schedule	[C-1] \$	8,074,090	[C-2] \$	216,349
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, 2014				11,019
Encumbrances: June 30, 2015				(9,166)
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		335,480		1,650
State aid payment recognized for budgetary purposes, not recognized for GAAP statements		(330,865)		(1,650)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$	<u>8,078,705</u>	[B-2] \$	<u>218,202</u>
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$	8,081,279	[C-2] \$	216,349
Differences - Budget to GAAP:				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.				
Pension Expense recognized for GAAP but not for budgetary purposes.				
Encumbrances: June 30, 2014				11,019
Encumbrances: June 30, 2015				(9,166)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$	<u>8,081,279</u>	[B-2] \$	<u>218,202</u>

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART III**

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

	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.8009%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,499,685
District's Covered-Employee Payroll	\$ 548,308
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its covered-employee Payroll	273.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%

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

SCHEDULE L-2

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

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

SCHEDULE L-3

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

	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.02147%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,464
District's Covered-Employee Payroll	\$ 2,354,687
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its covered-employee Payroll	0.1046%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%

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

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

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III**  
**PENSION SCHEDULES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Teachers' Pension and Annuity Fund (TPAF)**

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

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

**Public Employees' Retirement System (PERS)**

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

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

**OTHER SUPPLEMENTARY INFORMATION**

## **SPECIAL REVENUE FUND DETAIL STATEMENTS**

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

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)**

	NCLB		I.D.E.A. PART B		SUBTOTAL PER E-1(2)	TOTAL	
	TITLE I PART A 2014-15	TITLE II PART A 2014-15	BASIC	PRE- SCHOOL		2015	2014
<b>REVENUES</b>							
Federal Sources	\$ 50,595	\$ 7,464	\$ 105,958	\$ 3,531	\$ 32,301	\$ 199,849	\$ 219,339
State Sources					16,500	16,500	16,500
<b>Total Revenues</b>	<b>50,595</b>	<b>7,464</b>	<b>105,958</b>	<b>3,531</b>	<b>48,801</b>	<b>216,349</b>	<b>235,839</b>
<b>EXPENDITURES</b>							
Instruction							
Salaries of Teachers	39,500	5,700			16,500	61,700	68,303
Purchased Professional/Technical Services					10,631	10,631	4,945
Other Purchased Services							3,200
Supplies and Materials	304	207			21,670	22,181	24,887
<b>Total Instruction</b>	<b>39,804</b>	<b>5,907</b>			<b>48,801</b>	<b>94,512</b>	<b>101,335</b>
Support Services							
Personal Services - Employee Benefits	10,791	1,557				12,348	10,982
Purchased Professional/Technical Services			105,958	3,531		109,489	123,500
Supplies and Materials							22
<b>Total Support Services</b>	<b>10,791</b>	<b>1,557</b>	<b>105,958</b>	<b>3,531</b>		<b>121,837</b>	<b>134,504</b>
Facilities Acquisition							
Instructional Equipment							
<b>Total Facilities Acquisition</b>							
<b>Total Expenditures</b>	<b>\$ 50,595</b>	<b>\$ 7,464</b>	<b>\$ 105,958</b>	<b>\$ 3,531</b>	<b>\$ 48,801</b>	<b>\$ 216,349</b>	<b>\$ 235,839</b>

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)**

	<u>PRESCHOOL</u> <u>EDUCATION</u>	<u>REAP</u> <u>2013-14</u>	<u>TOTAL</u>
<b>REVENUES</b>			
Federal Sources	\$	\$ 32,301	\$ 32,301
State Sources	16,500		16,500
Total Revenues	<u>16,500</u>	<u>32,301</u>	<u>48,801</u>
<b>EXPENDITURES</b>			
Instruction			
Salaries of Teachers	16,500		16,500
Purchased Professional/Technical Services		10,631	10,631
Supplies and Materials		21,670	21,670
Total Instruction	<u>16,500</u>	<u>32,301</u>	<u>48,801</u>
Support Services			
Personal Services - Employee Benefits			
Purchased Professional/Technical Services			
Other Purchased Services			
Total Support Services	<u></u>	<u></u>	<u></u>
Facilities Acquisition			
Instructional Equipment			
Total Facilities Acquisition	<u></u>	<u></u>	<u></u>
Total Expenditures	<u>\$ 16,500</u>	<u>\$ 32,301</u>	<u>\$ 48,801</u>

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
**SCHEDULE OF PRESCHOOL EDUCATION AID**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**CALCULATION OF BUDGET & CARRYOVER**

Total 2014-15 Preschool Education Aid Allocation	\$ 16,500	(1)
Add: Actual ECPA Carryover (June 30, 2014)		(2)
Add: Budgeted Transfer from General Fund 2014-15		(3)
Total Preschool Education Aid Funds Available for 2014-15 Budget	<u>16,500</u>	(4)
Less: 2014-15 Budgeted Preschool Education Aid and Prior Year Budgeted (Carryover)	<u>(16,500)</u>	(5)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2015	-	(6)
Add: June 30, 2015 Unexpended Preschool Education Aid		(7)
Less: 2014-15 Commissioner-approved Transfer to the General Fund		(8)
2014-15 Carryover - Preschool Education Aid	<u>\$ -</u>	(9)
2014-15 Preschool Education Aid Carryover Budgeted for Preschool Programs 2015-16	<u>\$ -</u>	(10)

## **CAPITAL PROJECTS FUND DETAIL STATEMENT**

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

**UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Number</u>	<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance 6/30/15</u>	<u>Memo Only</u>	
			<u>Prior Year</u>	<u>Current Year</u>		<u>Encumbrances</u>	<u>Available Balance</u>
2015-1	HVAC Upgrades to the Upper Pittsgrove Elementary School	\$ 187,500	\$	\$ 172,046	\$ 15,454	\$	\$ 15,454
		<u>\$ 187,500</u>	<u>\$</u>	<u>\$ 172,046</u>	<u>\$ 15,454</u>	<u>\$</u>	<u>\$ 15,454</u>
				Unearned NJSDA Funds	\$ 6,226		
				Unspent Funds	9,228		
					<u>\$ 15,454</u>		

**UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF REVENUES AND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**Revenues and Other Financing  
Sources**

NJSDA	\$ 68,774
Transfer from Capital Outlay	112,500
Total Revenues	<u>181,274</u>

**Expenditures and Other Financing  
Uses**

Construction Services	172,046
Total Expenditures	<u>172,046</u>

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

Fund Balance - Beginning           

Fund Balance - Ending \$ 9,228

**UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND  
PROJECT STATUS - BUDGETARY BASIS  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

**HVAC Upgrades at the Upper Pittsgrove  
Elementary School**

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

**Additional project information:**

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

## PROPRIETARY FUND DETAIL STATEMENTS

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

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

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

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT**  
**ENTERPRISE FUND**  
**COMBINING SCHEDULE OF NET POSITION**  
**AS OF JUNE 30, 2015 AND 2014**

	<b><u>FOOD SERVICE FUND</u></b>	<b><u>SCHOOL CARE</u></b>	<b><u>TOTAL</u></b>	
			<b><u>2015</u></b>	<b><u>2014</u></b>
<b>ASSETS</b>				
Current Assets				
Cash and Cash Equivalents	\$ 38,816	\$ 20,457	\$ 59,273	\$ 58,229
Accounts Receivable				
State	112		112	87
Federal	3,716		3,716	3,564
Other	3,752	45	3,797	1,677
Inventories	2,246		2,246	2,748
Total Current Assets	<u>48,642</u>	<u>20,502</u>	<u>69,144</u>	<u>66,305</u>
Fixed Assets				
Equipment	137,974		137,974	137,974
Accumulated Depreciation	(126,780)		(126,780)	(123,910)
Total Fixed Assets	<u>11,194</u>		<u>11,194</u>	<u>14,064</u>
Total Assets	<u>\$ 59,836</u>	<u>\$ 20,502</u>	<u>\$ 80,338</u>	<u>\$ 80,369</u>
<b>LIABILITIES</b>				
Current Liabilities				
Due to Management Company	\$	\$	\$	\$ 8,226
Accounts Payable	3,017		3,017	367
Unearned Revenue	1,318		1,318	983
Total Liabilities	<u>4,335</u>		<u>4,335</u>	<u>9,576</u>
<b>NET POSITION</b>				
Unrestricted	<u>55,501</u>	<u>20,502</u>	<u>76,003</u>	<u>70,793</u>
Total Net Position	<u>55,501</u>	<u>20,502</u>	<u>76,003</u>	<u>70,793</u>
Total Liabilities and Fund Equity	<u>\$ 59,836</u>	<u>\$ 20,502</u>	<u>\$ 80,338</u>	<u>\$ 80,369</u>

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

	<b>FOOD SERVICE FUND</b>	<b>SCHOOL CARE</b>	<b>TOTAL</b>	
			<b>2015</b>	<b>2014</b>
<b>OPERATING REVENUES</b>				
Local Sources				
Daily Sales				
Reimbursable Programs	\$ 33,470	\$	\$ 33,470	\$ 34,832
Non-Reimbursable Programs	23,225		23,225	26,631
Special Functions	20,697		20,697	119
Program Fees	18	37,929	37,947	60,031
Total Operating Revenue	77,410	37,929	115,339	121,613
<b>OPERATING EXPENSES</b>				
Labor	39,604	32,302	71,906	72,781
Depreciation	2,870		2,870	2,406
Cost of Sales	64,335		64,335	61,021
Supplies and Materials	8,175	13,742	21,917	21,775
Management Fee	11,947		11,947	11,899
Other	4,166		4,166	7,435
Total Operating Expenses	131,097	46,044	177,141	177,317
Operating Income (Loss)	(53,687)	(8,115)	(61,802)	(55,704)
<b>NON-OPERATING REVENUES</b>				
State Sources				
State School Lunch Program	1,214		1,214	1,178
Federal Sources				
National School Lunch Program	41,189		41,189	38,902
School Breakfast Program	12,148		12,148	6,755
Food Distribution Program	12,406		12,406	10,542
Interest	31	24	55	59
Total Non-Operating Revenues	66,988	24	67,012	57,436
Net Income (Loss) Before Operating Transfers	13,301	(8,091)	5,210	1,732
Net (Loss) Income	13,301	(8,091)	5,210	1,732
Net Position - July 1	42,200	28,593	70,793	69,061
Net Position - June 30	\$ 55,501	\$ 20,502	\$ 76,003	\$ 70,793

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT**  
**ENTERPRISE FUND**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**AS OF JUNE 30, 2015 AND 2014**

	FOOD SERVICE FUND	SCHOOL CARE	TOTAL	
			2015	2014
Cash Flows from Operating Activities				
Receipts from Customers	\$ 77,410	\$ 37,929	\$ 115,339	\$ 121,613
Payments to Employees	(39,604)	(32,302)	(71,906)	(72,781)
Payments to Suppliers	(76,282)		(76,282)	(72,920)
Payments to Others	(6,971)	(13,742)	(20,713)	(18,649)
Net Cash Provided by (Used for) Operating Activities	<u>(45,447)</u>	<u>(8,115)</u>	<u>(53,562)</u>	<u>(42,737)</u>
Cash Flows from Non-Capital Financing Activities				
State Sources	1,214		1,214	1,178
Federal Sources	53,337		53,337	45,657
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>54,551</u>		<u>54,551</u>	<u>46,835</u>
Cash Flows from Capital Financing Activities				
Purchase of Fixed Assets				
Net Cash Provided by (Used for) Capital Financing				
Cash Flows from Investing Activities				
Interest and Dividends	31	24	55	59
Net Cash Provided by (Used for) Investing Activities	<u>31</u>	<u>24</u>	<u>55</u>	<u>59</u>
Net Increase (Decrease) in Cash and Cash Equivalents	9,135	(8,091)	1,044	4,157
Balances - Beginning of Year	29,681	28,548	58,229	54,072
Balances - End of Year	<u>\$ 38,816</u>	<u>\$ 20,457</u>	<u>\$ 59,273</u>	<u>\$ 58,229</u>
Operating Income (Loss)	\$ (53,687)	\$ (8,115)	\$ (61,802)	\$ (55,704)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities				
Food Distribution Program	12,406		12,406	10,542
Depreciation	2,870		2,870	2,406
Change in Assets and Liabilities				
(Increase) Decrease in Inventory	502		502	1,323
(Increase) Decrease in Accounts Receivable	(2,297)		(2,297)	(2,251)
Increase (Decrease) in Unearned Revenue	335		335	(1,776)
Increase (Decrease) in Payables	(5,576)		(5,576)	2,723
Total Adjustments	<u>8,240</u>		<u>8,240</u>	<u>12,967</u>
Net Cash Used by Operating Activities	<u>\$ (45,447)</u>	<u>\$ (8,115)</u>	<u>\$ (53,562)</u>	<u>\$ (42,737)</u>

## 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, 2015**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)**

	<u>AGENCY</u>			<u>TOTAL</u>	
	<u>SCHOLARSHIP TRUST</u>	<u>STUDENT ACTIVITY</u>	<u>PAYROLL</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 14,798	\$ 14,663	\$ 20,060	\$ 49,521	\$ 30,980
Investments		1,816		1,816	16,989
<b>Total Assets</b>	<u>14,798</u>	<u>16,479</u>	<u>20,060</u>	<u>51,337</u>	<u>47,969</u>
<b>LIABILITIES</b>					
Due to General Fund			1,735	1,735	1,717
Deductions Payable			18,325	18,325	15,904
Due to Student Groups		16,479		16,479	15,072
<b>Total Liabilities</b>		<u>16,479</u>	<u>20,060</u>	<u>36,539</u>	<u>32,693</u>
<b>NET POSITION</b>					
Reserved for Scholarships	14,798			14,798	15,276
<b>Total Net Position</b>	<u>\$ 14,798</u>	<u>\$</u>	<u>\$</u>	<u>\$ 14,798</u>	<u>\$ 15,276</u>

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
SCHOLARSHIP TRUST  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**OPERATING REVENUES**

Local Sources	
Contributions	\$
Interest on Investments	22
	<hr/>
Total Operating Revenue	22
	<hr/>

**OPERATING EXPENDITURES**

Awards	500
	<hr/>
Total Operating Expenditures	500
	<hr/>
Change in Net Position	(478)
Net Position - July 1, 2014	15,276
	<hr/>
Net Position - June 30, 2015	\$ 14,798
	<hr/> <hr/>

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT**  
**STUDENT ACTIVITY AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Accounts</u> <u>Payable</u>	<u>Balance</u> <u>June 30, 2015</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 13,267	\$ 36,193	\$ 34,797	\$	\$ 14,663
Certificates of Deposit	1,805	11			1,816
Total Assets	<u>\$ 15,072</u>	<u>\$ 36,204</u>	<u>\$ 34,797</u>	<u>\$</u>	<u>\$ 16,479</u>
<b>LIABILITIES</b>					
Due to Student Groups	\$ 15,072	\$ 36,204	\$ 34,797	\$	\$ 16,479
Total Liabilities	<u>\$ 15,072</u>	<u>\$ 36,204</u>	<u>\$ 34,797</u>	<u>\$</u>	<u>\$ 16,479</u>

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT**  
**PAYROLL AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 17,621	\$ 3,158,644	\$ 3,156,205	\$ 20,060
Total Assets	<u>\$ 17,621</u>	<u>\$ 3,158,644</u>	<u>\$ 3,156,205</u>	<u>\$ 20,060</u>
<b>LIABILITIES</b>				
Interfunds Payable	\$ 1,717	\$ 18	\$	\$ 1,735
Payroll Deductions and Withholdings	15,904	3,158,626	3,156,205	18,325
Total Liabilities	<u>\$ 17,621</u>	<u>\$ 3,158,644</u>	<u>\$ 3,156,205</u>	<u>\$ 20,060</u>

## **LONG-TERM DEBT SCHEDULES**

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
LONG TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<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, 2014</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE June 30, 2015</u>
Various Repairs and Renovations	3/1/04	\$ 625,000	3/1/16	\$ 70,000	4.00%	\$ 135,000	\$	\$ 65,000	\$ 70,000
						\$ 195,000	\$	\$ 65,000	\$ 70,000

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
LONG TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>INTEREST RATE</u>	<u>BALANCE JUNE 30, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>BALANCE JUNE 30, 2015</u>
2009 Solar Energy System	\$ 132,845	5.46%	\$ 61,897	\$	\$ 14,293	\$ 47,604
2010 School Bus - 23 Passenger	78,890	5.50%	27,614		12,338	15,276
2010 School Bus-54 Passenger	84,060	5.50%	32,730		13,020	19,710
2014 School Bus-54 Passenger (2)	194,624	2.055%	169,291		40,969	128,322
			<u>\$ 291,532</u>	<u>\$</u>	<u>\$ 80,620</u>	<u>\$ 210,912</u>
					<u>\$ 80,620</u>	

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 70,353	\$	\$ 70,353	\$ 70,353	\$
Total Local Sources	<u>70,353</u>		<u>70,353</u>	<u>70,353</u>	
State Sources					
Debt Service Aid					
Total State Sources					
Total Revenues	<u>70,353</u>		<u>70,353</u>	<u>70,353</u>	
<b>EXPENDITURES</b>					
Regular Debt Service					
Interest	5,400		5,400	5,400	
Redemption of Principal	65,000		65,000	65,000	
Total Regular Debt Service	<u>70,400</u>		<u>70,400</u>	<u>70,400</u>	
Total Expenditures	<u>70,400</u>		<u>70,400</u>	<u>70,400</u>	
Excess (Deficiency) of Revenue Over (Under) Expenditures	(47)		(47)	(47)	
Other Financing Sources (Uses)					
Fund Balance - July 1, 2014	47		47	47	
Fund Balance - June 30, 2015	<u>\$ -</u>	<u>\$</u>	<u>\$ -</u>	<u>\$</u>	<u>\$ -</u>

**STATISTICAL SECTION**

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

	<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>2014</u>	<u>2015</u>
<b>Governmental Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 1,366,759	\$ 1,794,816	\$ 1,924,706	\$ 2,142,303	\$ 2,386,905	\$ 2,681,839	\$ 3,054,431	\$ 3,335,484	\$ 3,231,987	\$ 3,312,866
Restricted	476,278	145,399	98,804	210,900	413,308	576,300	558,640	521,818	768,733	658,946
Unrestricted	(77,164)	56,612	5,307	(94,932)	(127,644)	(128,763)	(106,200)	(157,506)	(222,560)	(1,603,342)
<b>Total Governmental Activities Net Position</b>	<b>\$ 1,765,873</b>	<b>\$ 1,996,827</b>	<b>\$ 2,028,817</b>	<b>\$ 2,258,271</b>	<b>\$ 2,672,569</b>	<b>\$ 3,129,376</b>	<b>\$ 3,506,871</b>	<b>\$ 3,699,796</b>	<b>\$ 3,778,160</b>	<b>\$ 2,368,470</b>
<b>Business-Type Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 52,724	\$ 44,238	\$ 30,445	\$ 22,378	\$ 17,405	\$ 21,282	\$ 18,876	\$ 16,470	\$ 14,064	\$ 11,194
Restricted										
Unrestricted	52,240	22,192	11,217	16,381	10,334	29,351	43,283	52,591	56,729	64,809
<b>Total Business-Type Activities Net Position</b>	<b>\$ 104,964</b>	<b>\$ 66,430</b>	<b>\$ 41,662</b>	<b>\$ 38,759</b>	<b>\$ 27,739</b>	<b>\$ 50,633</b>	<b>\$ 62,159</b>	<b>\$ 69,061</b>	<b>\$ 70,793</b>	<b>\$ 76,003</b>
<b>District-Wide</b>										
Invested in Capital Assets, Net of Related Debt	\$ 1,419,483	\$ 1,839,054	\$ 1,955,151	\$ 2,164,681	\$ 2,404,310	\$ 2,703,121	\$ 3,073,307	\$ 3,351,954	\$ 3,246,051	\$ 3,324,060
Restricted	476,278	145,399	98,804	210,900	413,308	576,300	558,640	521,818	768,733	658,946
Unrestricted	(24,924)	78,804	16,524	(78,551)	(117,310)	(99,412)	(62,917)	(104,915)	(165,831)	(1,538,533)
<b>Total District-Wide Net Position</b>	<b>\$ 1,870,837</b>	<b>\$ 2,063,257</b>	<b>\$ 2,070,479</b>	<b>\$ 2,297,030</b>	<b>\$ 2,700,308</b>	<b>\$ 3,180,009</b>	<b>\$ 3,569,030</b>	<b>\$ 3,768,857</b>	<b>\$ 3,848,953</b>	<b>\$ 2,444,473</b>

Source: CAFR Schedule A-1

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
<b>Governmental Activities</b>										
Instruction										
Regular	\$ 1,406,014	1,563,390	1,629,796	1,607,999	1,714,229	1,613,172	1,877,092	1,690,606	1,824,169	1,727,278
Special Education	340,686	339,636	363,080	356,273	377,818	411,831	417,478	410,947	436,865	428,787
Other Special Education	135,989	155,123	187,018	147,793	132,971	143,205	159,360	152,740	155,522	176,572
Support Services										
Tuition	1,776,065	1,906,303	2,229,523	2,031,193	2,084,793	1,996,070	2,078,585	2,056,917	2,088,860	2,488,476
Student and Instruction Related Services	443,024	452,727	364,290	516,604	548,251	487,681	353,810	529,147	518,863	532,332
General Administrative Services	213,357	202,363	196,482	192,050	194,566	180,532	180,090	179,550	165,174	216,215
School Administrative Services	138,108	143,106	144,521	149,339	161,760	161,643	171,161	148,177	158,146	156,081
Central Services and Administrative Info. Tech.	111,705	136,596	114,946	123,709	128,008	121,797	119,188	133,449	133,441	137,554
Plant Operations and Maintenance	447,582	386,380	364,438	380,310	375,098	397,715	444,658	560,265	450,654	434,024
Pupil Transportation	376,033	411,650	435,180	370,171	369,543	334,941	348,789	377,295	390,306	419,370
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	1,454,366	2,014,832
Unallocated Depreciation Expense	193,609	207,634	232,493	232,580	229,904	234,465	237,739	271,531	259,430	245,703
Interest on Long-Term Debt	139,757	124,638	108,844	92,399	75,130	64,488	42,144	23,046	14,817	14,341
Amortization of Debt Issue Costs	2,667	2,667	2,667	2,667	2,667	2,666	2,667			
<b>Total Governmental Activities Expenses</b>	<b>6,783,356</b>	<b>7,261,157</b>	<b>7,664,376</b>	<b>7,317,472</b>	<b>7,514,610</b>	<b>7,276,307</b>	<b>7,690,783</b>	<b>7,922,326</b>	<b>8,050,613</b>	<b>8,991,565</b>
<b>Business-Type Activities</b>										
Food Service	130,650	121,606	126,633	123,612	122,974	131,097	89,050	150,999	135,311	131,097
School Care		26,925	24,985	30,654	33,165	46,044	47,466	38,839	42,006	46,044
<b>Total Business-Type Activities Expense</b>	<b>130,650</b>	<b>148,531</b>	<b>151,618</b>	<b>154,266</b>	<b>156,139</b>	<b>177,141</b>	<b>136,516</b>	<b>189,838</b>	<b>177,317</b>	<b>177,141</b>
<b>Total District Expenses</b>	<b>\$ 6,914,006</b>	<b>7,409,688</b>	<b>7,815,994</b>	<b>7,471,738</b>	<b>7,670,749</b>	<b>7,453,448</b>	<b>7,827,299</b>	<b>8,112,164</b>	<b>8,227,930</b>	<b>9,168,706</b>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
Charges for Services										
Instruction (Tuition)	\$									
Pupil Transportation										
Operating Grants and Contributions	238,343	780,666	761,526	531,570	606,172	566,557	609,289	673,978	657,949	692,932
<b>Total Governmental Activities Program Revenues</b>	<b>238,343</b>	<b>780,666</b>	<b>761,526</b>	<b>531,570</b>	<b>606,172</b>	<b>566,557</b>	<b>609,289</b>	<b>673,978</b>	<b>657,949</b>	<b>692,932</b>
<b>Business-Type Activities</b>										
Charges for Services										
Food Service	67,178	61,121	63,707	70,786	69,766	90,236	89,050	88,063	83,633	77,410
School Care	29,831	28,514	30,861	33,410	33,014	43,240	47,466	44,939	37,980	37,929
Operating Grants and Contributions	29,404	40,006	37,977	47,130	46,829	40,589	51,717	63,686	57,377	66,957
<b>Total Business-Type Activities Program Revenues</b>	<b>126,413</b>	<b>129,641</b>	<b>132,545</b>	<b>151,326</b>	<b>149,609</b>	<b>174,065</b>	<b>188,233</b>	<b>196,688</b>	<b>178,990</b>	<b>182,296</b>
<b>Total District Program Revenues</b>	<b>\$ 364,756</b>	<b>910,307</b>	<b>894,071</b>	<b>682,896</b>	<b>755,781</b>	<b>740,622</b>	<b>797,522</b>	<b>870,666</b>	<b>836,939</b>	<b>875,228</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (6,545,013)	(6,480,491)	(6,902,850)	(6,785,902)	(6,908,438)	(6,709,750)	(7,081,494)	(7,248,348)	(7,392,664)	(8,298,633)
Business-Type Activities	(4,237)	(18,890)	(19,073)	(2,940)	(6,530)	(3,076)	51,717	6,850	1,673	5,155
<b>Total District-Wide Net Expense</b>	<b>\$ (6,549,250)</b>	<b>(6,499,381)</b>	<b>(6,921,923)</b>	<b>(6,788,842)</b>	<b>(6,914,968)</b>	<b>(6,712,826)</b>	<b>(7,029,777)</b>	<b>(7,241,498)</b>	<b>(7,390,991)</b>	<b>(8,293,478)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities</b>										
Property Taxes Levied for General Purposes, Net	\$ 2,737,984	2,863,480	3,135,382	3,260,797	3,477,394	3,547,690	3,547,690	3,547,690	3,776,190	3,965,591
Taxes Levied for Debt Service	297,588	301,076	296,338	295,169	301,906	335,168	330,656	324,813	67,800	70,353
Unrestricted Grants and Contributions	3,597,814	3,247,766	3,423,550	3,329,619	3,423,393	3,171,541	3,436,320	3,456,959	3,448,467	4,045,238
Investment Earnings	15,740	16,826	15,733	4,540	2,255	3,090	2,930	3,075	4,094	4,339
Tuition and Transportation Revenue		92,200	59,057	89,031	96,258	73,129	102,179	75,907	82,716	98,099
Miscellaneous Income	201,511	25,543	44,763	36,200	31,151	41,695	48,714	36,606	91,761	59,942
Fixed Asset Adjustment					(9,621)	(5,756)				
Transfers and Other Adjustments	(448,004)	164,554	(39,983)							
<b>Total Governmental Activities</b>	<b>6,402,633</b>	<b>6,711,445</b>	<b>6,934,840</b>	<b>7,015,356</b>	<b>7,322,736</b>	<b>7,166,557</b>	<b>7,468,489</b>	<b>7,445,050</b>	<b>7,471,028</b>	<b>8,243,562</b>
<b>Business-Type Activities</b>										
Transfer and Other Adjustments	(39,720)	(20,000)	(5,724)		(4,512)	5,816	73	52	59	55
Investment Earnings	602	356	29	37	22					
<b>Total Business-Type Activities</b>	<b>(39,118)</b>	<b>(19,644)</b>	<b>(5,695)</b>	<b>37</b>	<b>(4,490)</b>	<b>5,816</b>	<b>73</b>	<b>52</b>	<b>59</b>	<b>55</b>
<b>Total District-Wide</b>	<b>\$ 6,363,515</b>	<b>6,691,801</b>	<b>6,929,145</b>	<b>7,015,393</b>	<b>7,318,246</b>	<b>7,172,373</b>	<b>7,468,562</b>	<b>7,445,102</b>	<b>7,471,087</b>	<b>8,243,617</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ (142,380)	230,954	31,990	229,454	414,298	456,807	386,995	196,702	78,364	(55,071)
Business-Type Activities	(43,355)	(38,534)	(24,768)	(2,903)	(11,020)	2,740	51,790	6,902	1,732	5,210
<b>Total District-Wide</b>	<b>\$ (185,735)</b>	<b>192,420</b>	<b>7,222</b>	<b>226,551</b>	<b>403,278</b>	<b>459,547</b>	<b>438,785</b>	<b>203,604</b>	<b>80,096</b>	<b>(49,861)</b>

Source: CAFR Schedule A-2

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund										
Restricted	\$ 458,178	\$ 164,431	\$ 71,776	\$ 211,780	\$ 482,484	\$ 599,216	\$ 567,091	\$	\$	\$
Capital Reserve								28,603	28,828	29,053
Maintenance Reserve								100,000	200,000	200,000
Excess Surplus								164,137	170,920	173,713
Tuition Reserve								60,000	60,000	60,000
Committed to Encumbrances								39,677	140,086	9,686
Assigned:										
Excess surplus								165,076	164,137	170,920
Designated fro Subsequent Year's Expenditures								4,002	5,165	6,796
Unrestricted	(17,268)	112,640	112,690	9,026	(67,270)	(30,514)	(49,996)	(58,910)	(78,684)	(74,790)
Total General Fund	<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>\$ 502,585</u>	<u>\$ 690,452</u>	<u>\$ 575,378</u>
All Other Governmental Funds										
Restricted	\$ 61,653	\$	\$	\$	\$	\$	\$	\$	\$	\$
Unrestricted, Reported in:										
Special Revenue Fund		(787)	(787)	(1,650)	(1,650)	(1,650)	(1,650)	(1,650)	(1,650)	(1,650)
Capital Projects Fund		20,599	20,599							9,228
Debt Service Fund	1,062	3,662	2,600	1,800	1,800			47	1,247	1,200
Total All Other Governmental Funds	<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>	<u>\$ (403)</u>	<u>\$ 8,778</u>

Source: CAFR Schedule B-1

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Tax Levy	\$ 3,035,572	\$ 3,164,556	\$ 3,431,720	\$ 3,555,966	\$ 3,779,300	\$ 3,882,858	\$ 3,878,346	\$ 3,872,503	\$ 3,843,990	\$ 4,035,944
Transportation	36,919	38,393	40,802	53,884	32,689	32,079	57,450	54,703	61,094	63,780
Tuition Charges	28,829	53,807	18,255	35,147	63,569	41,050	44,729	21,204	21,622	34,319
Interest Earnings	15,740	16,826	15,733	4,540	2,255	3,090	2,930	3,075	4,094	4,339
Rental			15,000	36,200	31,231	32,448	33,096	33,758	51,600	52,632
Miscellaneous	135,763	25,543	29,763			9,247	15,618	2,848	40,161	7,310
State Sources	3,618,434	3,758,648	3,967,696	3,634,314	3,299,676	3,500,909	3,695,917	3,933,806	3,876,069	4,036,008
Federal Sources	217,723	269,784	217,380	226,875	729,889	237,189	349,692	197,131	230,347	201,702
<b>Total Revenues</b>	<b>7,088,980</b>	<b>7,327,557</b>	<b>7,736,349</b>	<b>7,546,926</b>	<b>7,938,609</b>	<b>7,738,870</b>	<b>8,077,778</b>	<b>8,119,028</b>	<b>8,128,977</b>	<b>8,436,034</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	1,406,014	1,563,390	1,629,796	1,607,999	1,714,229	1,613,172	1,877,092	1,690,606	1,824,169	1,727,278
Special Education Instruction	340,686	339,636	363,080	356,273	377,818	411,831	417,478	410,947	436,865	428,787
Other Instruction	135,989	155,123	187,018	147,793	132,971	143,205	159,360	152,740	155,522	176,572
<b>Support Services</b>										
Tuition	1,776,065	1,906,303	2,229,523	2,031,193	2,084,793	1,996,070	2,078,585	2,056,917	2,088,860	2,488,476
Student and Instruction Related Services	443,024	452,727	364,290	516,604	548,251	487,681	353,810	529,147	518,863	532,332
General Administrative Services	213,357	202,363	196,482	192,050	194,566	185,055	189,590	188,050	175,982	232,298
School Administrative Services	138,108	143,106	144,521	149,339	166,084	161,643	171,935	148,177	158,146	156,081
Central Services	111,705	136,596	114,946	123,709	128,008	121,797	119,188	124,949	122,633	121,471
Plant Operations and Maintenance	447,582	386,380	364,438	380,310	375,098	397,715	444,658	560,265	450,654	434,024
Pupil Transportation	394,001	415,119	435,180	373,230	368,968	334,941	348,789	377,295	390,306	419,370
Unallocated Employee Benefits	1,040,519	1,230,207	1,281,828	1,106,804	1,089,304	1,129,930	1,247,963	1,369,357	1,444,553	1,484,315
Capital Outlay	715,412	306,068	27,366	210,876	228,328	92,574	164,034	98,728	301,381	270,523
<b>Debt Service</b>										
Principal	345,000	360,000	375,000	390,000	415,000	440,000	450,000	460,000	60,000	65,000
Interest	146,856	132,019	116,548	100,426	83,653	65,812	46,903	26,313	6,600	5,400
<b>Total Expenditures</b>	<b>7,654,318</b>	<b>7,729,037</b>	<b>7,830,016</b>	<b>7,686,606</b>	<b>7,907,071</b>	<b>7,581,426</b>	<b>8,069,385</b>	<b>8,193,491</b>	<b>8,134,534</b>	<b>8,541,927</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	(565,338)	(401,480)	(93,667)	(139,680)	31,538	157,444	8,393	(74,463)	(5,557)	(105,893)
<b>Other Financing Sources (Uses)</b>										
Cancellation of Prior Year Receivable	(538)									
Transfer	44,555	20,000				(5,756)				
Capital Lease Proceeds									194,624	
Capital Leases (Non-Budgeted)		178,400		153,758	162,950					
<b>Total Other Financing Sources (Uses)</b>	<b>44,017</b>	<b>198,400</b>		<b>153,758</b>	<b>162,950</b>	<b>(5,756)</b>			<b>194,624</b>	
<b>Net Change in Fund Balances</b>	<b>\$ (521,321)</b>	<b>\$ (203,080)</b>	<b>\$ (93,667)</b>	<b>\$ 14,078</b>	<b>\$ 194,488</b>	<b>\$ 151,688</b>	<b>\$ 8,393</b>	<b>\$ (74,463)</b>	<b>\$ 189,067</b>	<b>\$ (105,893)</b>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	6.4%	6.4%	6.3%	6.4%	6.3%	6.7%	6.2%	5.9%	0.8%	0.8%

Source: CAFR Schedule B-2

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

<b>Fiscal Year Ended June 30,</b>	<b>Interest on Investments</b>	<b>Tuition Revenue</b>	<b>Transportation</b>	<b>Sale of Assets</b>	<b>Rentals</b>	<b>Prior Year Adjustments</b>	<b>Utility Company Rebate</b>	<b>Misc.</b>	<b>Total</b>
2015	\$ 4,339	\$ 34,319	\$ 63,780		\$ 52,632			\$ 7,310	\$ 162,380
2014	4,094	21,622	61,094		51,600	898		39,263	178,571
2013	3,075	21,204	54,703		33,758			2,848	115,588
2012	2,930	44,729	57,450		33,096	5,159		10,459	153,823
2011	3,090	41,050	32,079		32,448	977		8,270	117,914
2010	2,255	63,569	32,689		31,151				129,664
2009	4,540	35,147	53,884		36,200				129,771
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

Source: District Records

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

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

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

c Estimate

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

Year Ended June 30,	Upper Pittsgrove Township Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	From J-6 Total Direct School Tax Rate	Upper Pittsgrove Township	Salem County	
2015	\$ 1.183	\$ 0.021	\$ 1.204	\$ 0.169	\$ 0.891	\$ 2.264
2014	1.163	0.021	1.184	0.169	0.834	2.187
2013	1.033	0.095	1.128	0.147	0.873	2.148
2012	1.032	0.096	1.128	0.118	0.912	2.158
2011	1.032	0.097	1.129	0.099	0.872	2.100
2010	1.031	0.089	1.120	0.091	0.923	2.134
2009	0.998	0.090	1.088	0.076	0.936	2.100
2008	0.943	0.089	1.032	0.083	0.882	1.997
2007	0.908	0.096	1.004	0.055	0.863	1.922
2006	0.841	0.091	0.932	0.039	0.776	1.747

Source: District Records and Municipal Tax Collector

**Note:**

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

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

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

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

Taxpayer	2015		2006	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Third Garden Park Limited Partners	\$ 1,950,000	0.57%	\$ 2,000,000	0.59%
Taxpayer #1	1,885,500	0.55%	2,000,000	0.59%
Taxpayer #2	1,780,100	0.52%	1,620,000	0.51%
Larchmont Farms Inc	1,591,400	0.47%	1,725,000	0.48%
Atlantic City Electric Co	1,480,000	0.43%		
R M Sickler Sons Farms, LLC	1,475,100	0.43%		
Taxpayer #3	1,200,800	0.35%	1,600,000	0.47%
Bell Atlantic- New Jersey, Inc	1,200,000	0.35%	1,200,000	0.35%
Holly View Corp	1,171,000	0.34%		
Wilson Brothers Farms Corp	1,128,200	0.33%		
Avis Garage Inc.			1,025,000	0.30%
Wawa Inc.			900,000	0.26%
Rooks Farm Supply Inc.			850,000	0.25%
Taxpayer #4			784,000	0.23%
Taxpayer #5			750,000	0.22%
<b>Total</b>	<b>\$ 14,862,100</b>	<b>4.35%</b>	<b>\$ 14,454,000</b>	<b>4.25%</b>

Source: District CAFR & Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2015	\$ 3,965,591	\$ 3,965,591	100%	\$
2014	3,776,190	3,776,190	100%	
2013	3,872,503	3,872,503	100%	
2012	4,035,944	4,035,944	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%	

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

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

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of	
	General Obligation Bonds <sup>b</sup>	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Personal Income <sup>a</sup>		Per Capita <sup>a</sup>	
2015	\$ 70,000	\$ 210,912	\$	\$	\$ 280,912	0.19%	\$ 81	
2014	135,000	291,532			426,532	0.29%	123	
2013	195,000	161,187			356,187	0.24%	103	
2012	655,000	291,532			946,532	0.64%	271	
2011	1,105,000	301,542			1,406,542	0.97%	399	
2010	1,545,000	380,133			1,925,133	1.33%	529	
2009	1,960,000	122,931			2,082,931	1.48%	579	
2008	2,350,000	154,962			2,504,962	1.83%	718	
2007	2,725,000	182,328			2,907,328	2.24%	831	
2006	3,085,000	93,285			3,178,285	2.52%	895	

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

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2015	\$ 70,000	\$	\$ 70,000	0.02%	\$ 20 *
2014	135,000		135,000	4.00%	39
2013	195,000		195,000	0.06%	56
2012	655,000		655,000	0.20%	187
2011	1,105,000		1,105,000	0.30%	314
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

\* 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, 2015**  
*(UNAUDITED)*

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u> a	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Upper Pittsgrove Township	\$ -	100%	\$ -
Salem County	40,278,964	5.79%	2,330,824
<b>Other debt</b>			
Subtotal, Overlapping Debt			<u>2,330,824</u>
Upper Pittsgrove Township School District Direct Debt		b	<u>70,000</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 2,400,824</u></u>

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

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

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

b Includes Capital Leases

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

Legal Debt Margin Calculation for Fiscal Year 2014

	Equalized Valuation Basis
2014	\$ 300,951,075
2013	297,015,995
2012	307,315,104
	<u>[A] \$ 905,282,174</u>
Average Equalized Valuation of Taxable Property	[A/3] \$ 301,760,725
Debt Limit (3% of Average Equalization Value)	[B] 9,052,822 a
Net Bonded School Debt	[C] 70,000
Legal Debt Margin	<u>[B-C] \$ 8,982,822</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>2014</u>	<u>2015</u>
Debt Limit	\$ 7,230,551	\$ 8,240,751	\$ 6,331,177	\$ 9,887,914	\$ 10,328,012	\$ 10,365,246	\$ 10,096,895	\$ 6,361,536	\$ 9,331,696	\$ 9,052,822
Total Net Debt Applicable to Limit	<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>	<u>135,000</u>	<u>70,000</u>
Legal Debt Margin	<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>\$ 6,166,536</u>	<u>\$ 9,196,696</u>	<u>\$ 8,982,822</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	42.7%	33.1%	37.1%	19.8%	15.0%	10.7%	6.5%	3.1%	1.4%	0.8%

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

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

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

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income (thousands of dollars) <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2015	** 3,450	\$ 150,534,703	\$ 43,633	6.30%
2014	3,452	149,562,676	43,201	6.50%
2013	3,468	148,338,498	42,774	7.70%
2012	3,499	148,182,650	42,350	4.50%
2011	3,522	145,078,224	41,192	4.40%
2010	3,503	139,731,167	39,889	4.60%
2009	3,590	140,505,420	39,138	4.40%
2008	3,595	141,118,130	39,254	2.50%
2007	3,572	132,728,376	37,158	1.90%
2006	3,590	127,470,130	35,507	1.90%

\*\* Estimate

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income

<sup>c</sup> Per Capita

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

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

	<u>2015</u>		<u>2006</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 PITTSBURGH TOWNSHIP SCHOOL DISTRICT**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

<u>Function/Program</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>2014</u>	<u>2015</u>
Instruction										
Regular	33.0	31.0	31.0	31.0	31.0	30.0	25.5	25.5	30	30
Special Education	10.5	10.5	9.0	9.0	9.0	6.0	13.0	12.0	6.0	5.0
Other Special Education	4.0	4.0	3.0	3.0	3.0	0.0				
Other Instruction										
Support Services:										
Tuition										
Student & Instruction Related Services	12.0	12.0	11.0	11.0	11.0	9.0	7.2	7.3	11	10
General Administrative Services	7.0	4.0	4.0	4.0	4.0	4.0	3.6	3.6	3.6	3.6
School Administrative Services	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6
Business Administrative Services									3	
Plant Operations and Maintenance	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	8.5	8.5
Pupil Transportation	13.0	12.0	8.5	8.5	8.0	8.0	8.0	8.0		
Food Service	6.0	6.0								
<b>Total</b>	<b>90.0</b>	<b>84.0</b>	<b>70.0</b>	<b>70.0</b>	<b>69.5</b>	<b>60.5</b>	<b>60.9</b>	<b>60.0</b>	<b>62.7</b>	<b>57.7</b>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2015	367	\$ 8,201,004	\$ 22,346	0.14	35.0	8.5:1	6.5:1	357.3	333.9	1.853%	93.45%
2014	373	7,766,553	20,822	0.06	36.0	8.6:1	6.5:1	350.8	335.4	-3.890%	95.61%
2013	388	7,608,450	19,609	0.00	37.5	9.5 : 1	7.5 : 1	365.0	354.2	10.539%	97.04%
2012	379	7,408,448	19,547	0.08	38.5	9.72 : 1	9.71 : 1	330.2	315.6	-12.738%	95.58%
2011	383	6,920,489	18,069	0.04	37	6.3 : 1	4 : 1	378.4	361.2	-3.247%	95.45%
2010	415	7,180,090	17,301	(0.02)	43	11.6 : 1	10.4 : 1	391.1	373.1	0.205%	95.40%
2009	395	6,985,304	17,684	(0.08)	43	11 : 1	10 : 1	390.3	374.0	1.193%	95.82%
2008	381	7,311,102	19,189	0.15	39	11 : 1	9 : 1	385.7	368.7	-6.903%	95.59%
2007	415	6,930,950	16,701	0.08	36	10 : 1	11 : 1	414.3	403.0	-0.671%	97.27%
2006	417	6,447,050	15,461	0.14	43	10 : 1	10 : 1	417.1	396.7	-5.205%	95.11%

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

Note: Enrollment based on annual October district count.

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
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	434	415	381	395	415	383	379	388	373	367

Number of Schools at June 30, 2015  
Elementary = 1

**Source:** District records, ASSA

**UPPER PITTSBURGH 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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Upper Pittsburgh Township School	64,828	\$ 48,103	\$ 37,282	\$ 43,219	\$ 42,917	\$ 24,775	\$ 25,061	\$ 26,414	\$ 32,053	\$ 29,683	\$ 138,521
Total School Facilities		<u>48,103</u>	<u>37,282</u>	<u>43,219</u>	<u>42,917</u>	<u>24,775</u>	<u>25,061</u>	<u>26,414</u>	<u>32,053</u>	<u>29,683</u>	<u>138,521</u>
Other Facilities											
Grand Total		<u>\$ 48,103</u>	<u>\$ 37,282</u>	<u>\$ 43,219</u>	<u>\$ 42,917</u>	<u>\$ 24,775</u>	<u>\$ 25,061</u>	<u>\$ 26,414</u>	<u>\$ 32,053</u>	<u>\$ 29,683</u>	<u>\$ 138,521</u>

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT**  
**INSURANCE SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
*(UNAUDITED)*

Company	Type of Coverage	Coverage	Deductible
<b>NJ School Board Assoc Insurance Group</b>	Property Blanket Building & Contents	\$ 16,569,662	\$ 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		
<b>Markel Insurance Co.</b>	Student Accident Policies		
	Catastrophic Medical Expense - Max Benefit Amount	5,000,000	
	Catastrophic Cash Benefit - Max Benefit Amount	500,000	
<b>Berkley Insurance Co.</b>	Compulsory - Maximum Benefit Amount	1,000,000	
<b>Ohio Casualty Insurance Company</b>	Surety Bonds		
	Treasurer	185,000	
	Business Administrator	35,000	

**Source: District Records**

**SINGLE AUDIT SECTION**

# NIGHTLINGER, COLAVITA & VOLPA

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November 16, 2015

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

### INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Upper Pittsgrove Township School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board of Education of the Upper Pittsgrove Township School District's basic financial statements and have issued our report thereon dated November 16, 2015.

#### 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 did not identify any deficiency in internal control over financial reporting that we consider to be a material weakness, as defined above and which is described in the accompanying schedule of findings and questioned costs. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Upper Pittsgrove Township Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two 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 and are described in the accompanying schedule of findings and questioned costs as items labeled finding 2015-1 and 2.

### **Upper Pittsgrove Township Board of Education's Response to Findings**

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

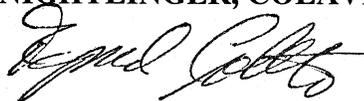
### **Purpose of this Report**

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

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

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, PA**



Raymond Colavita, CPA  
Licensed Public School Accountant  
No. 915

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November 16, 2015

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON  
SCHEDULE OF EXPENDITURES REQUIRED BY OMB CIRCULAR A-133 AND NEW JERSEY OMB  
CIRCULAR 04-04 AND/OR 15-08**

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on Compliance for Each Major 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, 2015. 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 compliance for each of the Upper Pittsgrove Township Board of Education's major and federal state compliance based on our audit of the types of compliance requirements referred above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements 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 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB's Circular 04-04 and/or 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Upper Pittsgrove Township Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### Opinion on Each Major Program

In our opinion, the Board of Education of the Upper Pittsgrove Township School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its state programs for the fiscal year ended June 30, 2015.

### 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 and/or 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Upper Pittsgrove Township School District Board of Education's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal 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 did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above or any instance of deficiency in internal control over compliance that we have to report to the Board of Education in a separate report entitled *Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance* dated November 16, 2015. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB's Circular 04-04 and/or 15-08.

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

Respectfully submitted,  
**NIGHTLINGER, COLAVITA & VOLPA, PA**



Raymond Colavita, CPA  
Licensed Public School Accountant  
No. 915

**TOWNSHIP OF UPPER PITTSBORO SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2014		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustmt	Balance at June 30, 2015		
				From	To	(Accounts Receivable)	Unearned Revenue					(Accounts Receivable)	Unearned Revenue	Due to Grantor
U.S. Department of Education														
Passed-through State Department of Education:														
Special Revenue Fund:														
Title I, Part A	84.010A	NCLB - 532015	50,074	7/1/14	6/30/15				\$26,436	(\$50,595)			(\$24,159)	
Title II, Part A	84.367A	NCLB - 532015	7,389	7/1/14	6/30/15				4,098	(7,464)			(3,366)	
Rural Education	84.358A	S358A133592	32,301	7/1/13	9/30/14				32,301	(32,301)				
Rural Education	84.358A	S358A123592	32,173	7/1/12	9/30/13	(\$11,019)			11,019					
I.D.E.A. Part B, Basic Regular	84.027	IDEA-5320-15	105,958	7/1/14	6/30/15				105,958	(105,958)				
I.D.E.A. Part B, Pre-School	84.173	IDEA-5320-15	3,531	7/1/14	6/30/15				3,531	(3,531)				
<b>Total Special Revenue Fund</b>						<b>(11,019)</b>			<b>183,343</b>	<b>(199,849)</b>			<b>(27,525)</b>	
U.S. Department of Agriculture														
Passed-through State Department of Education:														
Enterprise Fund:														
Food Distribution Program	10.565	N/A	11,423	7/1/14	6/30/15				12,641	(11,423)				\$1,218
Food Distribution Program	10.565	N/A	8,766	7/1/13	9/30/14			\$983		(983)				
National School Lunch Program	10.555	N/A	41,189	7/1/14	6/30/15				38,486	(41,189)			(2,703)	
National School Lunch Program	10.555	N/A	38,902	7/1/13	9/30/14	(2,926)			2,926					
School Breakfast Program	10.553	N/A	12,148	7/1/14	6/30/15				11,135	(12,148)			(1,013)	
School Breakfast Program	10.553	N/A	6,333	7/1/13	9/30/14	(638)			638					
<b>Total Enterprise Fund</b>						<b>(3,564)</b>	<b>983</b>		<b>65,826</b>	<b>(65,743)</b>			<b>(3,716)</b>	<b>1,218</b>
<b>Total Federal Financial Assistance</b>						<b>(\$14,583)</b>	<b>\$983</b>		<b>\$249,169</b>	<b>(\$265,592)</b>			<b>(\$31,241)</b>	<b>\$1,218</b>

See accompanying notes to schedules of financial assistance

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

**TOWNSHIP OF UPPER PITTSBORO SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2014			Balances at June 30, 2015			MEMO		
					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	15-495-034-5120-078	\$2,602,252	7/1/14	6/30/15			\$2,353,791	(\$2,602,252)	(\$248,461)		*	\$248,461	\$ 2,602,252
Equalization Aid	14-495-034-5120-078	2,602,252	7/1/13	6/30/14	(\$252,089)		252,089						
Special Education Categorical Aid	15-495-034-5120-089	300,139	7/1/14	6/30/15			271,482	(300,139)	(28,657)		*	28,657	300,139
Special Education Categorical Aid	14-495-034-5120-089	300,139	7/1/13	6/30/14	(29,075)		29,075						
Transportation Aid	15-495-034-5120-014	316,928	7/1/14	6/30/15			286,668	(316,928)	(30,260)		*	30,260	316,928
Transportation Aid	14-495-034-5120-014	316,928	7/1/13	6/30/14	(30,702)		30,702						
Security Aid	15-495-034-5120-084	55,469	7/1/14	6/30/15			50,173	(55,469)	(5,296)		*	5,296	55,469
Security Aid	14-495-034-5120-084	55,469	7/1/13	6/30/14	(5,373)		5,373						
School Choice	15-495-034-5120-068	142,835	7/1/14	6/30/15			129,197	(142,835)	(13,638)		*	13,638	142,835
School Choice	14-495-034-5120-068	150,997	7/1/13	6/30/14	(14,628)		14,628						
Under Adequacy Aid	15-495-034-5120-096	37,291	7/1/14	6/30/15			33,730	(37,291)	(3,561)		*	3,561	37,291
Under Adequacy Aid	14-495-034-5120-096	37,291	7/1/13	6/30/14	(3,613)		3,613						
PARCC Readiness Aid	15-495-034-5120-098	5,200	7/1/14	6/30/15			4,704	(5,200)	(496)		*	496	5,200
Per Pupil Growth Aid	15-495-034-5120-097	5,200	7/1/14	6/30/15			4,704	(5,200)	(496)		*	496	5,200
Nonpublic Transportation Aid	14-495-034-5120-014	6,796	7/1/13	6/30/14	(6,796)		6,796						
Nonpublic Transportation Aid	15-495-034-5120-014	6,075	7/1/14	6/30/15				(6,075)	(6,075)		*		6,075
Reimbursed TPAF Social Security Contrib.	15-495-034-5094-003	172,002	7/1/14	6/30/15			171,640	(172,002)	(362)		*		172,002
Reimbursed TPAF Social Security Contrib.	14-495-034-5094-003	171,355	7/1/13	6/30/14	(8,650)		8,650						
<b>Total General Fund</b>							<b>3,657,015</b>	<b>(3,643,391)</b>	<b>(337,302)</b>			<b>330,865</b>	<b>3,643,391</b>
Capital Project Fund:													
NJSDA Grant	5320-070-14-G2NT	187,500	5/23/15 - Closing					(68,774)	(68,774)		*		68,774
<b>Total Capital Project Fund</b>								<b>(68,774)</b>	<b>(68,774)</b>				<b>68,774</b>
Special Revenue Fund:													
Preschool Education Aid	15-495-034-5120-086	16,500	7/1/14	6/30/15			14,850	(16,500)	(1,650)		*		16,500
Preschool Education Aid	14-495-034-5120-086	16,500	7/1/13	6/30/14	(1,650)		1,650						16,500
<b>Total Special Revenue Fund</b>							<b>16,500</b>	<b>(16,500)</b>	<b>(1,650)</b>				<b>16,500</b>
State Department of Agriculture													
Enterprise Fund:													
State School Lunch Program	14-100-010-3350-023	1,214	7/1/14	6/30/15			1,102	(1,214)	(112)		*		1,214
State School Lunch Program	13-100-010-3350-023	1,366	7/1/13	6/30/14	(162)		162						
<b>Total Enterprise Fund</b>							<b>1,264</b>	<b>(1,214)</b>	<b>(112)</b>				<b>1,214</b>
<b>Total State Financial Assistance Subject to OMB 04-04/15-08</b>							<b>\$3,674,779</b>	<b>(\$3,729,879)</b>	<b>(\$407,838)</b>			<b>\$330,865</b>	<b>\$3,729,879</b>
On Behalf TPAF Contributions Not Subject to OMB 04-04/15-08													
On Behalf TPAF Pension Contribution	15-495-034-5094-006	116,996	7/1/14	6/30/15			116,996	(116,996)					
On Behalf TPAF Post Retire Med'l. Contrib.	15-495-034-5094-001	185,732	7/1/14	6/30/15			185,732	(185,732)					
<b>Total State Financial Assistance</b>							<b>3,977,507</b>	<b>(4,032,607)</b>					

See accompanying notes to schedules of financial assistance

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF AWARDS  
AND FINANCIAL ASSISTANCE  
JUNE 30, 2015

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 \$4,615 for the general fund and \$1,853 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, 2015**  
**(Continued)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 3,950,734	\$ 3,950,734
Special Revenue Fund	201,702	16,500	218,202
Food Service Fund	<u>65,743</u>	<u>1,214</u>	<u>66,957</u>
Total Financial Assistance	\$ <u>267,445</u>	\$ <u>3,968,448</u>	\$ <u>4,235,893</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, 2015. 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, 2015.

**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, 2015

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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No Major Programs

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes \_\_\_\_\_ no

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(continued)

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

State Awards

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

Auditee qualified as low-risk auditee?  X  yes   no

Internal control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04 and/or 15-08   yes  X  no

Identification of major programs:

GMIS Number(s)

Name of State Program

15-495-034-5120-078  
15-495-034-5120-089  
15-495-034-5120-084  
15-495-034-5120-068  
15-495-034-5120-096  
15-495-034-5120-098  
15-495-034-5120-097

Equalization Aid  
Special Education Categorical Aid  
Security Aid  
School Choice Aid  
Under Adequacy Aid  
PARCC Readiness Aid  
Per Pupil Growth Aid

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(continued)

**Section II - Financial Statement Findings**

This section identifies the significant deficiencies, material weakness and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

**Finding: 2015-1**

**Criteria or specific requirement:**

N.J.S.A. 18A:66-90 requires reimbursement of TPAF/FICA payments made by the State on-behalf of the for those employees whose salaries are identified as being paid from federal funds to made within 90 days of year-end.

**Condition:**

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

**Questioned Costs:**

None.

**Context:**

The 2014-15 TPAF reimbursement included wages for federally funded teachers.

**Effect:**

The TPAF reimbursement was not submitted within the 90 day statutory period.

**Cause:**

Inadvertent oversight.

**Recommendation:**

The district should adopt internal control procedures designed to ensure that reimbursements of TPAF/FICA paid by the State on-behalf of TPAF employees charged to federal grants are remitted within the statutory 90 day liquidation period.

**Management's response:**

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

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(continued)

Section II - Financial Statement Findings (continued)

**Finding: 2015-2**

**Criteria or specific requirement:**

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

**Condition:**

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

**Context:**

Utilizing the USDA net cash resource calculation form, it was determined the District's net cash resources exceeded three months average expenditures by \$3,593, as of June 30, 2015.

**Effect:**

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

**Cause:**

Inadvertent oversight.

**Recommendation:**

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

**Management's response:**

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

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(continued)

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

FEDERAL AWARDS

NONE

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Effect:

Cause:

Recommendation:

Management's response:

STATE AWARDS

NONE

Information on the state program:

Finding:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

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 and/or 15-08.

**STATUS OF PRIOR - YEAR FINDINGS**

**Finding:** 2014-1

**Condition:** The District entered eleven (11) students in both the School Choice and the on-roll module.

**Current Status:** Corrective action has been taken.

**Finding:** 2014-2

**Condition:** The District reflected three (3) students who graduated or transferred out before the count date and one (1) student who transferred in after the count date that were not removed from the report. The District inaccurately reflected three (3) students in the incorrect section or grade.

**Current Status:** Corrective action has been taken.