Borough of Pitman School District

Board of Education

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2010

BOROUGH OF PITMAN SCHOOL DISTRICT

PITMAN, NEW JERSEY 08071

Borough of Pitman School Board of Education
Pitman, New Jersey 08071

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Of the

Borough of Pitman School Board of Education
Pitman, New Jersey 08071

For the Fiscal Year Ended June 30, 2010

Prepared by:

Borough of Pitman School
Board of Education Administration

OUTLINE OF CAFR

	Page
INTRODUCTORY SECTION	1
Letter of Transmittal	2-9
Organizational Chart	10
Roster of Officials	11
Consultants and Advisors	12
FINANCIAL SECTION	13
Independent Auditor's Report	14-16
Required Supplementary Information –Part I	17
Management's Discussion and Analysis	18-26
Basic Financial Statements	27
A. District-Wide Financial Statements:	28
A-1 Statement of Net Assets	29
A-2 Statement of Activities	30
B. Fund Financial Statements:	31
Governmental Funds:	
B-1 Balance Sheet	32-33
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	34
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	35
Proprietary Funds:	
B-4 Statement of Net Assets	36
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Assets	37
B-6 Statement of Cash Flows	38
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	39
B-8 Statement of Changes in Fiduciary Net Assets	40
Notes to the Financial Statements	41-62
Required Supplementary Information – Part II	63
C. Budgetary Comparison Schedules:	64
C-1 Budgetary Comparison Schedule – General Fund	65-74
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	N/A
C-1b American Recovery and Reinvestment Act – Budget and Actual	75
C-2 Budgetary Comparison Schedule – Special Revenue Fund	76
Notes to the Required Supplementary Information	77
C-3 Budget-to-GAAP Reconciliation	78

		Page
Other Supplementary Information		79
D.	School Based Budget Schedules **(if applicable):**	N/A
D-1	Combining Balance Sheet	
D-2	Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3	Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E.	Special Revenue Fund:	80
E-1	Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	81-82
E-2	Preschool Education Aid Schedule(s) of Expenditures – Budgetary Basis	N/A
F.	Capital Projects Fund:	83
F-1	Summary Schedule of Project Expenditures	84
F-2	Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	85
F-2(x)	Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis	86-87
G.	Proprietary Funds:	88
	Enterprise Fund:	
G-1	Combining Schedule of Net Assets	89
G-2	Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets	90
G-3	Combining Schedule of Cash Flows	91
	Internal Service Fund:	
G-4	Combining Schedule of Net Assets	92
G-5	Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets	93
G-6	Combining Schedule of Cash Flows	93
H.	Fiduciary Funds:	94
H-1	Combining Statement of Fiduciary Net Assets	95
H-2	Combining Statement of Changes in Fiduciary Net Assets	96
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	96
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	97
I.	Long-Term Debt:	98
I-1	Schedule of Serial Bonds	99-100
I-2	Schedule of Obligations under Capital Leases	101
I-3	Debt Service Fund Budgetary Comparison Schedule	102

		Page
	STATISTICAL SECTION (Unaudited)	103
Introduction to the Statistical Section		104
Financial Trends		
J-1	Net Assets by Component	105
J-2	Changes in Net Assets	106-107
J-3	Fund Balances – Governmental Funds	108
J-4	Changes in Fund Balances – Governmental Funds	109
J-5	General Fund Other Local Revenue by Source	110
Revenue Capacity		
J-6	Assessed Value and Estimated Actual Value of Taxable Property	111
J-7	Direct and Overlapping Property Tax Rates	112
J-8	Principal Property Taxpayers	113
J-9	Property Tax Levies and Collections	114
Debt Capacity		
J-10	Ratios of Outstanding Debt by Type	115
J-11	Ratios of General Bonded Debt Outstanding	116
J-12	Direct and Overlapping Governmental Activities Debt	117
J-13	Legal Debt Margin Information	118
Demographic and Economic Information		
J-14	Demographic and Economic Statistics	119
J-15	Principal Employers	120
Operating Information		
J-16	Full-time Equivalent District Employees by Function/Program	121
J-17	Operating Statistics	122
J-18	School Building Information	123
J-19	Schedule of Required Maintenance Expenditures by School Facility	124
J-20	Insurance Schedule	125
	SINGLE AUDIT SECTION	126
K-1	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*	127-128
K-2	Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	129-130
K-3	Schedule of Expenditures of Federal Awards, Schedule A	131
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	132
K-5	Notes to the Schedules of Awards and Financial Assistance	133-134
K-6	Schedule of Findings and Questioned Costs	135-137
K-7	Summary Schedule of Prior Audit Findings	138

INTRODUCTORY SECTION

Pitman Public Schools

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Thomas F. Schulte
Superintendent of Schools
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Patrick J. McAleer, Ed. D.
Director of Curriculum and Instruction
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October 18, 2010

Stacy DeClement, President
Members of the Board of Education
Pitman Public Schools
Pitman, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Pitman Public School District for the fiscal year ended June 30, 2010, 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. 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 and account groups of the District. All disclosures 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 independent auditor's report, MD & A and the basic financial statements including the district-wide fund statements, notes to the financial statements, required supplementary information other than MD&A including budgetary comparison schedules and other supplementary information. The statistical section includes selected financial and demographic information generally presented this year on a multi-year basis. The Pitman School District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control 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:

The Pitman Public School District is an independent reporting entity within the criteria adopted by the G.A.S.B. as established by G.A.S.B. Statement No. 14. All funds of the District are included in this report. The Pitman Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular as well as special education for handicapped youngsters (Pre-K through 12). The District completed the 2009-2010 fiscal year with a total enrollment of 1598 which included 68 parent paid 3 and 4 year old inclusion students, 23 parent paid tuition students grades K-12, two (2) students on attending an alternative school program, 31 out-of-district handicapped student placements, and 300 special education students in District.

In the 2005-2006 school year the District began providing child care (Panther Club) for students ages 4 through grade 5 at each of the elementary school enrolling approximately 75 students. At the end of the 2009-2010 school year, the Panther Club had a total of approximately 230 students participating, including the ½ day care program for kindergarten and 4 year old students.

The increase in labor costs associated with the negotiated agreement with the Pitman Education Association was a major portion of the budget increase. The Pitman Education Association represents approximately 92% of the entire work force. Negotiations were completed as of April 2008 for a one year contract for the 2007/2008 school year and a three year contract for the 2008/2009 through 2010/2011 school years.

Health insurance also continues to increase. The District had experienced double digit increases in previous years. Through negotiations, the Pitman Board of Education has been able to implement cost saving measures to offset the double digit increases. These included increasing the co-pay at the doctor’s office, increase in deductibles, and the elimination of the traditional plan in the 2008-2009 school year, as well as providing a payment of $2,500 for individuals who wish to “sell back” their insurance plan.

Energy costs once again exceeded the originally budgeted amount even though significant steps have been taken to decrease costs by the maintenance staff and the completion of the referendum project. The District has authorized a special election for September 29, 2009 to provide for the installation of solar energy at the high school; which is projected to reduce energy costs, as well as provide for a decrease in taxes due to the state’s SREC program.

ENROLLMENT AS OF JUNE 30

FISCAL YEAR	TOTAL STUDENT ENROLLMENT	SPECIAL EDUCATION ENROLLMENT
2000-2001	1725	282
2001-2002	1725	292
2002-2003	1668	281
2003-2004	1622	273
2004-2005	1617	252
2005-2006	1609	267
2006-2007	1590	313**
2007-2008	1548*	310**
2008-2009	1621	310
2009-2010	1598	300

Note: The data reported above is the actual number of students on roll at the close of school as opposed to "average daily enrollment" which is listed in the statistical data section of this report.

* Does NOT include 19 Parent Paid Tuition Students grades K-12 and 54 Parent Paid Tuition Students ages 3 and 4 for the 2007-2008 school year.

* *Includes 26 out of district placements

2) ECONOMIC CONDITION AND OUTLOOK:

The downtown area has experienced revitalization recently with the expansion of new restaurants to compliment the Broadway Theatre. With the Theatre as its base, the downtown district has capitalized on the influx of theatre goers that frequent the area on regular scheduled evenings. It has even translated to additional specialty shops opening in the business district.

State Aid

State aid for the 2009-2010 school year decreased by 16% or ($1,616,477). This was offset by an increase in federal aid of $1,478,830. The District maintains no more than 2% fund balance as required by P.L. 2004. The percentage of debt service aid remained the same at 48%.

Special Education

Federal and state mandated services and regulations continue to increase to an ever-growing population of special needs students. Providing the necessary and required services for our special education population has been recognized by the Board and Administration. The District increased the number of Pre-School Handicapped Inclusion classes to a total of 6 (2 at each building) during the 2007-2008 school year. In addition, the District is still experiencing an increase in special education students with severe needs and the need to provide the least restrictive environment for students. These two issues alone require additional resources which the cost of far exceeds the changes in aid.

Federal Funding

The District's NCLB, IDEA Basic and IDEA Preschool funding remained relatively flat for the 2009-2010 school year. Additional funds were provided for ARRA grants totaling $373,950 which are two year grants.

3) MAJOR INITIATIVES:

Student Achievements

SAT Scores

2009 TESTING	PITMAN H.S. MEAN	NEW JERSEY MEAN	USA MEAN
SAT Reading Score	512	495	501
SAT Math Score	535	514	516
SAT Writing	501	497	492

Pitman SAT scores continue to remain one of the highest in the County. These scores are reflective of the strong community and parental support and our outstanding students and teachers.

Graduating Student Statistics

PERCENTAGE OF GRADUATING STUDENTS:	2009	2008	2007	2006
Attending a four year college program	40%	61%	53%	57%
Attending a two year college program	47%	27%	38%	32%
Attending specialized training program	8%	4%	0%	2%
Entering the work force	2.5%	8%	2%	8%
Entering the military	2.5%	0%	1%	1%

Pitman High School Advanced Placement

A total of 73 students took AP exams in 7 different subject areas

6% of exams scored 5
23% of exams scored 4 or higher
66% of exams scored 3 or higher

State Testing (Spring 2009)

NJASK-3

- 49.2% of all students passed the NJASK-3 Language Arts Assessment
- 74.5% of all students passed the NJASK – 3 Mathematics Assessment

NJASK – 4

- 50.4% of all students passed the Language Arts Assessment
- 82% of all students passed the Mathematics Assessment
- 96.7% of all students passed the Science Assessment

NJASK – 5

- 62.2% of all students passed the Language Arts Assessment
- 84% of all students passed the Mathematics Assessment

NJASK – 6

- 65% of all students passed the Language Arts Assessment
- 77.6% of all students passed the Mathematics Assessment

NJASK – 7

- 66.7% of all students passed the Language Arts Assessment
- 66.7% of all students passed the Mathematics Assessment

GEPA – Grade 8

- 78.4% of all students passed the Language Arts Assessment
- 69% of all students passed the Mathematics Assessment
- 79.4% of all students passed the Science Assessment

HSPA – Grade 11

- 87.9% of all students passed the Language Arts Assessment
- 81.3% of all students passed the Mathematics Assessment

District Goals

It was reported to the board by Superintendent Schulte that the continued goals of the District as set for by the Board have been completed or are being continued. The goals as set forth by the Board are as listed:

1. To create educational opportunities for all students that will promote maximum academic achievement.
2. Ensure that District facilities are well maintained, safe, and support curriculum to meet the needs of all students.
3. Actively engage the community to communicate its priorities in the process of providing for what is best for all students to the Board of Education and Administration.

Strategic Planning Process

The Pitman Board of Education continues it's participation in the Atlantic Cape Counties Association of School Business Officials Joint Insurance Fund (ACCASBOJIF). There are 18 member districts. The District experienced a 3% increase in premiums.

The Safety Committee is still active. The committee met four times and consisted of a variety of staff members from all buildings and departments. Dr. Cherie Lombardo was elected the chairperson. The purpose of the committee for the second year was to make safety a priority. The District met the criteria as an Elite District under the ACCASBOJIF guidelines and received a check in the amount of $1,000 to offset expenses for safety equipment purchases.

Grants

E-Rate - The District continues to file applications under the Universal Service Fund (E- Rate), providing a 43% rebate on phone services and internet access. The District received discounts on phone services and internet access.

Facilities

The Administration continues to strive to maintain and upgrade the facilities in the District. The District continues to remain in compliance with code which requires 2/10ths of 1 percent of the cost of the facilities over a 10 year period to be budgeted towards required maintenance. All required paperwork has been filed with the State and the necessary budgetary procedures have been put into place.

4) INTERNAL ACCOUNTING CONTROLS:

The District's Business Administrator 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 is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principals (G.A.A.P.). 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 the District's management team.

As a recipient of federal and state financial assistance, the District also is 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 District management.

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

5) BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Fund, and the Debt Service Fund. 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 canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance on June 30, 2010.

6) ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principals, as promulgated by the Governmental Accounting Standards Board (G.A.S.B.). The accounting system of the District is organized on the basis of funds and account groups which are converted from governmental fund balances to net assets. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

7) FINANCIAL INFORMATION AT FISCAL YEAR-END:

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.

8) DEBT ADMINISTRATION:

At June 30, 2010, the District's outstanding debt issues include $11,419,000 of general obligation bond principal. This amount includes the amounts associated with refinancing of the Series 1998 school bonds; the Series 2006 and 2009 school bonds. In 2006, the debt for the Auditorium at the High School was completed. The total principal outstanding on the 1998 Bonds is $5,105,000; $4,219,000 on the 2006 Bonds and $2,095,000 on the 2009 Bonds.

9) CASH MANAGEMENT:

The investment policy of the District is guided in large part by the state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act. The District depository is TD Bank, N.A., where all funds earn interest from the date of deposit at the U.S. Treasury Bill rate, at the 90 day T-bill rate. The District also maintains a small investment account of approximately $38,000 in the New Jersey Cash Management Fund.

10) RISK MANAGEMENT:

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

The District is a member of the Atlantic and Cape May Counties School Business Officials Joint Insurance Fund (ACCASBOJIF). This Fund was formed under the provisions of N.J.S.A. 18A:18B 1-10. The Fund commenced operations on July 1, 1991 with sixteen member districts. Since then, the Fund had grown to a total of twenty-six members.

The ACCASBOJIF provides members with a long-term alternative to the conventional insurance marketplace and is a means of stabilizing the otherwise cyclical nature of insurance expenditures.

The Fund provides the following coverage:

- Property, including buildings, contents, inland marine, crime, boiler and machinery and auto physical damage
- General Liability, including school board legal liability (also known as educator's legal liability)
- Automobile Liability
- Worker's Compensation
- Pollution
- Excess Liability Insurance

The Joint Insurance Fund provides coverage to its members either directly or through the commercial insurance market, through one or more of the following vehicles: excess insurance, reinsurance or an excess property and casualty joint insurance fund. In 2001-2002 the three South Jersey JIF's formed a SPELL (School Pool for Excess Legal Liability). The SPELL is a vehicle by which the JIF's can control spiraling premium costs, increases in the SIR's (self-insured retention) and replace excess insurance coverage. At this time it appears as though forming the SPELL was fortuitous due to the September 11, 2001 tragedy and the impact this subsequently has had on the insurance community.

The Joint Insurance Fund's mission statement is as follows: "The ACCASBOJIF is committed to uniting local school districts in a joint effort to better manage their risks and assure fiscal stability by providing cost-effective, comprehensive insurance coverage and minimizing losses through pro-active membership involvement in claims management and loss prevention activities excess reinsurance."

11) FUND BALANCE:

The fund balance for governmental funds as of June 30, 2010 for the District (See Exhibit B-1) is $907,663. The District's fund balance is not greater than the 2% as established by P.L. 2004. Therefore, no funds will roll into fund balance for tax relief for the 2010-2011 budget.

12) OTHER INFORMATION:

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Petroni & Associates LLC was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements is included in the financial section of this report.

The auditor's report in the basic financial statements, as well as the 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.

13) CAPITAL IMPROVEMENT PLAN:

No funds were dedicated for projects during the 2009-2010 from the Capital Reserve Account.

14) ACKNOWLEDGEMENTS:

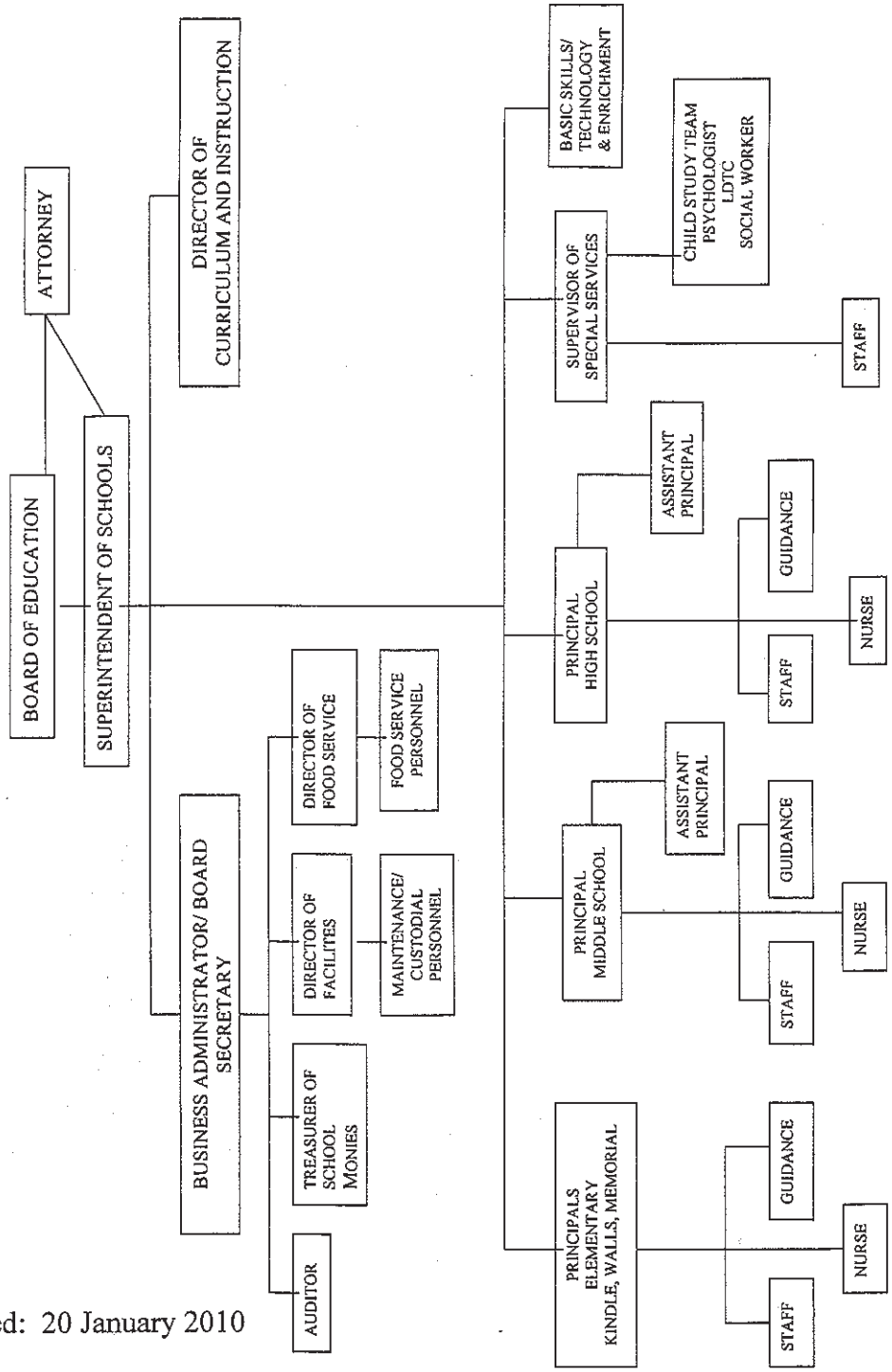
We would like to express our appreciation to the members of the Pitman Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our business office employees. We also appreciate the guidance and advice of our treasurer.

Respectfully submitted,

Thomas F. Schulte
Superintendent of Schools

Deborah Roncace
Business Administrator/
Board Secretary

1110 ORGANIZATIONAL CHART



Adopted: 20 January 2010

Pitman School District
Pitman, New Jersey

ROSTER OF OFFICIALS
June 30, 2010

Board of Education Members

Board Member	Office Held	Term Date
Stacy DeClement	President	2013
Will Downham	Vice President	2013
Thomas DeGeorge	Board Member	2011
Thomas Hahn	Board Member	2012
Joseph F. Martin Jr.	Board Member	2013
Don Pallies	Board Member	2011
Bonnie Savage	Board Member	2012

OTHER OFFICIALS

Thomas F. Schulte, Superintendent of Schools

Deborah J. Roncace, Business Administrator/Board Secretary

Beth Walls, Treasurer

Samuel H. Bullock Esq., Solicitor

Pitman School District
Pitman, New Jersey

List of Consultants

Auditor:	Petroni & Associates LLC 21 W. High Street Glassboro, NJ 08028 Contact: Nick Petroni Certified Public Accountant
Solicitor:	Samuel H. Bullock, Esq. 121 West Jersey Avenue Pitman, NJ 08071
Treasurer:	Beth Walls
Depository:	TD Banknorth 51 North Woodbury Road Pitman, NJ 08071
Risk Management Consultant:	Len Eckman Inc. 302 Montgomery Avenue Pitman, NJ 08071

FINANCIAL SECTION

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
21 W. High Street • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA
Wendy G. Fama, CPA
Denise R. Nevico, CPA
Deanna L. Roller, CPA, RMA

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Borough of Pitman School District
County of Gloucester
Pitman, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund, and the aggregate remaining fund information of the Board of Education of the Borough of Pitman School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough of Pitman School Board of Education's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

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 Borough of Pitman School Board of Education, in the County of Gloucester, State of New Jersey, as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated October 19, 2010 on our consideration of the Borough of Pitman School Board of Education's internal control over financial reporting and our test 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 our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison be presented to supplement the basic financial statements (see outline of CAFR for page numbers). Such information, although not a part of the basic financial statements, is required by the *Government Auditing 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Pitman School Board of Education's financial statements as a whole. The introductory section, combining and individual fund financial statements, long-term debt schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations;* and New Jersey OMB's Circular 04-04 *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* respectively, and is also not a required part of the financial statements. The combining and individual fund financial statements and long-term debt schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional

procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

PETRONI & ASSOCIATES LLC

Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542

October 19, 2010

Required Supplementary Information – Part I

This section of Pitman Public School District's (P.S.D.) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2010. Comparative financial data is presented. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This Annual 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.

- 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.

- The *Governmental Funds 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 Funds statements* offer *short-term* and *long-term* financial information about activities the District operates *like businesses, such as food service.*

- *Fiduciary Funds 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 some of the information in the statements and provide more detailed data. 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.

Figure A-1
Major Features of District-Wide and Fund Financial Statements

	District-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
		Fund Financial Statements		
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required Financial Statements	-Statement of net assets -Statement of activities	-Balance Sheet -Statement of revenues, expenditures, and changes in fund balance	-Statement of net assets -Statement of revenues, expenses, and changes in fund net assets -Statement of cash flows	-Statement of fiduciary net assets -Statement of changes in fiduciary net assets
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liability included	All assets and liabilities both financial and capital and short-term and long-term	All assets and liabilities both short-term and long-term; PBOE's funds do not currently contain capital assets, although they can
Type of inflow/ Outflow Information	All revenues and expenses during year regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Figure A-1 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the statements.

District-wide Financial Statements

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 assets 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 assets* and how they have changed. Net assets - the difference between the District's assets and liabilities - are one way to measure the District's overall financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall financial condition of the District, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school building and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service program and child care program would be included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts or completing approved capital projects) or to show that it is properly using certain revenues (such as federal and state grants).

The District has four kinds 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 funds 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 funds 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. *In fact, the Distr*ict'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 flow.
-
- *Internal Service Funds:* (t*he other kind of* proprietary fund) are utilized to report activities that provide supplies and services for other District programs and activities and for other districts.

- *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 because the District cannot use these assets to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found listed in the index of this report.

Financial Analysis of the District as a Whole

Net assets: The District's combined total net assets are $1,111,424 on June 30, 2010 (see Exhibit A-1). Approximately 16% of the total net assets are from business-type activities, while the balance of the total net assets of 84%, is attributable to governmental activities.

Borough of Pitman School District's Net Assets

	FY 2010		FY 2009		Total	
	Governmental	Business-Type	Governmental	Business-Type	FY 2010	FY 2009
Assets						
Current and Other Assets	2,318,248	169,695	1,630,796	126,211	2,487,943	1,757,007
Capital Assets	12,352,887	39,704	11,405,390	46,109	12,392,591	11,451,499
Total Assets	14,671,135	209,399	13,036,186	172,320	14,880,534	13,208,506
Liabilities						
Noncurrent liabilities	1,003,103	12,880	566,935	28,304	1,015,983	595,239
Other liabilities	12,743,444	9,683	11,278,256	7,046	12,753,127	11,285,302
Total liabilities	13,746,547	22,563	11,845,191	35,350	13,769,110	11,880,541
Net Assets						
Invested in Capital Assets, Net of Related Debt	728,731	39,704	1,292,415	46,109	768,435	1,338,524
Restricted	1,570,508		1,221,806		1,570,508	1,221,806
Unrestricted	(1,374,651)	147,132	(1,323,226)	90,861	(1,227,519)	(1,232,365)
Total net assets	924,588	186,836	1,190,995	136,970	1,111,424	1,327,965

Changes in net assets: The District's total revenues are $25,128,506 for the fiscal period ended June 30, 2010 (see Exhibit A-2). Property taxes, fees charged for services (tuition, use of facility) and miscellaneous sources (interest, entrance fees) and state formula aid accounted for 97% of the District's revenue; 3% is derived from state and federal aid for specific programs.

Borough of Pitman School District's
Changes in Net Assets

	FY 2010		FY 2009		Total	
	Governmental	Business-Type	Governmental	Business-Type	FY 2010	FY 2009
Revenues						
Program Revenues						
Charges for services		662,877	49,955	672,497	662,877	722,452
Operating grants & contributions	783,936	131,132	546,708	106,386	915,068	653,094
General Revenues						
Property taxes	11,315,525		10,866,631		11,315,525	10,866,631
Grants and entitlements	12,005,361		11,558,592		12,005,361	11,558,592
Other	229,675		147,235		229,675	147,235
Total Revenue	24,334,497	794,009	23,169,121	778,883	25,128,506	23,948,004
Expenses						
Instruction	11,048,817		10,564,073		11,048,817	10,564,073
Student & instructional related serv.	3,622,535		3,421,826		3,622,535	3,421,826
School administration	1,032,468		1,124,103		1,032,468	1,124,103
General administrative services	379,937		461,556		379,937	461,556
Central services	233,408		389,436		233,408	389,436
Plant operations & maintenance	1,710,533		2,083,627		1,710,533	2,083,627
Pupil transportation	424,838		384,427		424,838	384,427
Employee benefits	5,037,668		4,565,166		5,037,668	4,565,166
Interest on debt	439,885		426,657		439,885	426,657
Food service		480,534		461,529	480,534	461,529
Other business-type		348,609		369,660	348,609	369,660
Unallocated depreciation	480,815		490,540		480,815	490,540
Capital outlay	105,000		203,837		105,000	203,837
Total Expenses	24,515,904	829,143	24,115,248	831,189	25,345,047	24,946,437
Transfers	(85,000)	85,000	(90,000)	90,000		
Increase (Decrease) in Net Assets	(266,407)	49,866	(1,036,127)	37,694	(216,541)	(998,433)

The District's expenses are predominantly related to education and caring for students. The purely general and central administrative activities of the District accounted for approximately 2.4% of the total costs. Salary increases due to contractual agreement for teachers and other educational staff is included in the instruction-related costs.

Governmental Activities

Revenues for governmental activities were $24,334,497 while total expenses amounted to $24,515,904 and transfers of $85,000. This resulted in a decrease in net assets in governmental activities of $266,407 for fiscal year 2010.

Business-Type Activities

Revenues for the District's business-type activities amounted to $794,009. Total expenses amounted to $829,143 and net assets increased by $49,866.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is primarily reflected in its governmental funds. As the District completed the year, its Governmental Funds reported a *combined* fund balance of $1,059,588, (see Exhibit B-1) which consists of General Fund balance $399,813, unexpended Capital Projects $650,832 and Debt Service $8,943. On a budgetary basis (see Exhibit C-1) the General Fund, unrestricted fund balance is $345,982. This represents approximately 2% of the total budget. District officials continue to express concern over the lack of budgetary fund balance for emergency purposes due to the implementation of P.L. 2004 which required districts to reduce their fund balance.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget. These budget amendments fall into the following categories

- Appropriation of surplus due to Extraordinary State Aid received.
- Transfers between budgetary line accounts to prevent overruns.

This fiscal year completed the sixth year of zero-based budgeting as implemented by the Board of Education and Administration. This process allowed us to more accurately account for our expenditures by school. Principals became more aware of their appropriation limitations and managed their individual school budgets effectively.

Capital Asset and Debt Administration

Capital Assets

The Pitman Borough School investment in capital assets for its Governmental and Business-type activities as of June 30, 2010 amounts to $12,392,592 (net of accumulated depreciation). Total depreciation expense for Governmental and Business - type activities is $539,154. The District's fiscal year 2009 capital budget does not anticipate spending any additional funds. This investment in capital assets includes land, buildings, equipment and furniture see table below (more detailed information about capital assets can be found in Note 6 to the financial statements).

Pitman Borough School District's Capital Assets

	FY 2010		FY 2009		Total	
	Governmental	Business-Type	Governmental	Business-Type	FY 2010	FY 2009
Land	101,593		101,593		101,593	101,593
Construction in progress	1,444,168				1,444,168	
Land improvements	111,774		132,142		111,774	132,142
Buildings and Improvements	10,112,177		10,542,060		10,112,177	10,542,060
Machinery & Equipment	583,175	39,705	629,595	46,109	622,880	675,704
	12,352,887	39,705	11,405,390	46,109	12,392,592	11,451,499

Long-term Debt

At June 30, 2010, the School District had $12,464,084 in long-term debt. Serial bonds consist of $11,419,000, capital leases of $142,658, compensated absences $694,926 and $207,500 for early retirement separation agreements. (More detailed information about long-term debt can be found in the Notes to the financial statements.)

The state limits the amount of general obligation debt the District can issue to 4 percent of the equalized valuation of all taxable property within the District. The current limit is $29,735,955 of which $18,316,955 is available for the issuance of debt.

Outstanding Debt at June 30

	FY 2010	FY 2009	Percentage Change
Refunding Bonds of 2005	5,105,000	5,675,000	-10.04%
School Bonds of 2006	4,219,000	4,229,000	-0.24%
School Bonds of 2009	2,095,000		
Compensated absences	694,926	922,274	-24.65%
Early retirement separation	207,500		
Capital leases	142,658	182,621	-21.88%
Total	12,464,084	11,008,895	13.22%

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The Pitman Board of Education negotiated with the Pitman Education Association throughout the 2007-2008 school year, concluding in April of 2008 with a settlement for a 1 year contract plus a 3 year contract including the 2007-2008 and 2008 through 2011. The Pitman Education Association represents all certified staff and support staff members.

- P.L. 2004 restricts increases to the 2008-2009 budget in total administrative costs (including fixed charges). This has and will continue to present challenges to the budgeting process.

- Special Education costs are an issue during each budgeting cycle. The District has experienced the need for additional resources for in-house programs.

- The District experienced a slight enrollment decrease during the 2009-2010 school year. However, due to the implementation of a 3 and 4 year old parent paid tuition program, the District has 70+ tuition students. The District is strongly considering opting to become a "choice" district for the 2011-2012 school year.

- On September 29, 2009 the Board passed a bond referendum for the funding of installation of solar panels on the Pitman High School roof. In future years the school district will generate Solar Renewable Energy Credits (SREC's) on the open market. This revenue source will be used to refund our budgeted energy costs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the office of the Business Administrator/Board Secretary, Pitman Board of Education, 420 Hudson Avenue, Pitman, NJ 08071.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

EXHIBIT A-1

BOROUGH OF PITMAN SCHOOL DISTRICT
Statement of Net Assets
June 30, 2010

	Governmental Activities	Business-type Activities	FY 2010
ASSETS			
Cash and cash equivalents	38,695	149,067	187,762
Receivables, net	430,177	14,786	444,963
Inventory		5,842	5,842
Restricted assets:			
Restricted cash and cash equivalents	890,803		890,803
Capital reserve account - cash	171,491		171,491
Maintenance reserve - cash	701,198		701,198
Deferred bond issuance costs, net	79,017		79,017
Deferred amount on refunding, net	137,845		137,845
Capital assets			
Non-depreciable	1,545,761		1,545,761
Assets net of depreciation	10,807,126	39,704	10,846,830
Total Assets	14,802,113	209,399	15,011,512
LIABILITIES			
Cash overdraft	596,031		596,031
Accounts payable	407,072		407,072
Deferred revenue		12,880	12,880
Noncurrent liabilities:			
Due within one year	1,074,612		1,074,612
Due beyond one year	11,668,832	9,683	11,678,515
Total Liabilities	13,746,547	22,563	13,769,110
NET ASSETS			
Invested in capital assets, net of related debt	728,731	39,704	768,435
Restricted for:			
Debt Service	2,682		2,682
Capital Projects	691,345		691,345
Other Purposes	876,481		876,481
Unrestricted	(1,374,651)	147,132	(1,227,519)
Total Net Assets	924,588	186,836	1,111,424

See accompanying notes to the basic financial statements.

EXHIBIT A-2

BOROUGH OF PITMAN SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-type Activities	Total
Governmental activities:						
Instruction:						
Regular	7,171,531			(7,171,531)		(7,171,531)
Special education	2,980,476		727,137	(2,253,339)		(2,253,339)
Other special education	349,147			(349,147)		(349,147)
Other instruction	547,663			(547,663)		(547,663)
Support services:						
Tuition	1,039,671			(1,039,671)		(1,039,671)
Student & instructional related services	2,582,864		25,136	(2,557,728)		(2,557,728)
General administrative services	379,937			(379,937)		(379,937)
School administrative services	1,032,468			(1,032,468)		(1,032,468)
Central services	233,408			(233,408)		(233,408)
Plant operations & maintenance	1,637,740			(1,637,740)		(1,637,740)
Grounds	72,793			(72,793)		(72,793)
Pupil transportation	424,838			(424,838)		(424,838)
Employee benefits	5,037,668		31,663	(5,006,005)		(5,006,005)
Interest on long-term debt	439,885			(439,885)		(439,885)
Capital outlay	105,000			(105,000)		(105,000)
Unallocated depreciation	480,815			(480,815)		(480,815)
Total governmental activities	24,515,904		783,936	(23,731,968)		(23,731,968)
Business-type activities:						
Food Service	480,534	272,368	131,132		(77,034)	(77,034)
Other Activities	348,609	390,509			41,900	41,900
Total business-type activities	829,143	662,877	131,132		(35,134)	(35,134)
` Total primary government	25,345,047	662,877	915,068	(23,731,968)	(35,134)	(23,767,102)
General revenues:						
Property taxes, levied for general purpose				10,893,332		10,893,332
Taxes levied for debt service				422,193		422,193
Federal and state aid not restricted				12,005,361		12,005,361
Tuition from individuals				72,345		72,345
Tuition from other LEA's within the state				87,826		87,826
Investment earnings				11,391		11,391
Miscellaneous income				58,113		58,113
Transfers				(85,000)	85,000	
Total general revenues, special items, extraordinary items and transfers				23,465,561	85,000	23,550,561
Change in Net Assets				(266,407)	49,866	(216,541)
Net Assets - beginning				1,190,995	136,970	1,327,965
Net Assets - end				924,588	186,836	1,111,424

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

EXHIBIT B-1

BOROUGH OF PITMAN SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Totals FY 2010
ASSETS					
Cash and cash equivalents			882,044	8,759	890,803
Interfund accounts receivable				184	184
Receivables	173,800	256,377			430,177
Restricted cash and cash equivalents	741,711				741,711
Total Assets	915,511	256,377	882,044	8,943	2,062,875
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash overdraft	368,398	227,633			596,031
Accounts payable	147,300	28,744	231,028		407,072
Interfund accounts payable			184		184
Total liabilities	515,698	256,377	231,212		1,003,287
Fund Balances:					
Reserved for:					
Encumbrances	50,862				50,862
Excess surplus					
Designated for subsequent year's expenditures	151,925			6,261	158,186
Excess surplus - designated for subsequent year's expenditures	148,075				148,075
Maintenance reserve	570,220				570,220
Capital reserve account	40,513				40,513
Unreserved, reported in:					
General Fund	(561,782)				(561,782)
Capital Projects Fund			650,832		650,832
Debt Service Fund				2,682	2,682
Total fund balances	399,813		650,832	8,943	1,059,588
Total liabilities and fund balances	915,511	256,377	882,044	8,943	

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2010

	FY 2010
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of assets is $20,854,701 and the accumulated depreciation is $8,501,814 (see Note 6).	12,352,887
Internal Service Funds are used by management to charge costs of certain activities, such as business services to other governments. Assets and liabilities of the Internal Service Fund of $38,695 are included in the Statement of Net Assets.	38,695
Deferred bond issuance costs are expensed in governmental funds in the year the bonds are issued but are capitalized in the Statement of Net Assets. The bond issuance costs for Series 2005 are $88,910, the amortization is $6,883 and the accumulated amortization is $34,990. The bond issuance costs for Series 2006 are $32,586, the amortization is $1,664 and the accumulated amortization is $7,488.	79,017
Deferred refunding bond costs are expensed in governmental funds in the year the bonds are issued but are capitalized in the Statement of Net Assets. The refunding amounts for Series 2005 are $227,297, the amortization is $17,597 and the accumulated amortization is $89,452.	137,845
Premiums are recorded in governmental funds in the year the bonds are issued but are capitalized in the Statement of Net Assets. The premium for the Series 2005 are $204,895, and the amortization is $15,863 and the accumulated amortization is $80,636.	(124,258)
Interest on long-term debt in the Statement of Activities is accrued, regardless of when due.	(155,101)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7).	(12,464,085)
Net assets of governmental activities	924,588

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Totals FY 2010
REVENUES					
Local tax levy	10,893,332			422,193	11,315,525
Tuition from individuals	72,345				72,345
Tuition from other LEA's within the state	87,826				87,826
Interest earned on investments	8,534		2,682		11,216
Interest earned on capital reserve funds	175				175
Miscellaneous	58,113				58,113
	11,120,325		2,682	422,193	11,545,200
State sources	10,025,204			473,998	10,499,202
Federal sources	1,506,159	783,936			2,290,095
Total revenues	22,651,688	783,936	2,682	896,191	24,334,497
EXPENDITURES					
Current:					
Regular instruction	6,954,855				6,954,855
Special education instruction	2,251,168	727,137			2,978,305
Other special instruction	356,549				356,549
Other instruction	543,964				543,964
Support services & undistributed costs:					
Tuition	1,039,671				1,039,671
Student & instruction related services	2,498,847	25,136			2,523,983
General administrative services	415,723				415,723
School administrative services	1,134,481				1,134,481
Central services	295,152				295,152
Plant operations and maintenance	1,672,971				1,672,971
Grounds	72,793				72,793
Pupil transportation	424,838				424,838
Employee benefits	5,029,542	31,663			5,061,205
Debt service:					
Principal				580,000	580,000
Interest and other charges				403,742	403,742
Capital outlay	269,668		1,444,168		1,713,836
Total expenditures	22,960,222	783,936	1,444,168	983,742	26,172,068
Excess (Deficiency) of revenues over expenditures	(308,534)		(1,441,486)	(87,551)	(1,837,571)
OTHER FINANCING SOURCES (USES)					
Capital leases (non-budgeted)	105,000				105,000
Bond proceeds			2,095,000		2,095,000
Transfers in			(90,233)	90,233	
Transfers to Food Service Fund	(85,000)				(85,000)
Total other financing sources and uses	20,000		2,004,767	90,233	2,115,000
Net change in fund balances	(288,534)		563,281	2,682	277,429
Fund balance - July 1	688,347		87,551	6,261	782,159
Fund balance - June 30	399,813		650,832	8,943	1,059,588

See accompanying notes to the basic financial statements.

EXHIBIT B-3

BOROUGH OF PITMAN SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2010

Total net change in fund balances - governmental funds (from B-2)		277,429
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.		
Capital outlay	1,468,773	
Depreciation expense	(521,276)	
		947,497
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities, issuing debt increases long-term liabilities in the statement of net assets.		
Bond proceeds		(2,095,000)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.		
Bond principal payments		580,000
Capital lease obligation principal payments		144,963
Capital lease obligation proceeds		(105,000)
Bond issuance costs are reported in the governmental funds as expenditures in the year the bonds are issued. However, in the Statement of Activities, the costs are amortized over the life of the bonds.		
Premium on bonds		15,863
Deferred bond issuance costs		(8,547)
Deferred amount on refunding		(17,597)
Interest on long-term debt in the Statement of Activities differs from the amounts reported in the Governmental Funds because interest is recorded as an expenditure in the funds when it is due, and thus requires that use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The net change in the accrued interest was an increase.		(25,862)
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). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.		19,847
Change in net assets of governmental activities		(266,407)

See accompanying notes to the basic financial statements.

EXHIBIT B-4

BOROUGH OF PITMAN SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2010

	Business-type Activities - Enterprise Funds - Major Funds				Governmental Activities - Internal Service Fund
	Food Service	Before/After School	Preschool Program	Totals FY 2010	
ASSETS:					
Current assets:					
Cash and cash equivalents	11,114	120,272	17,681	149,067	38,695
Accounts receivable	10,532	2,114	2,140	14,786	
Inventories	5,842			5,842	
Total current assets	27,488	122,386	19,821	169,695	38,695
Noncurrent assets:					
Furniture, machinery & equipment	177,993			177,993	
Less: accumulated depreciation	(138,289)			(138,289)	
Total noncurrent assets	39,704			39,704	
Total assets	67,192	122,386	19,821	209,399	
LIABILITIES					
Current liabilities:					
Deferred revenue	1,959	9,921	1,000	12,880	
Compensated absences	9,683			9,683	
Total current liabilities	11,642	9,921	1,000	22,563	
NET ASSETS					
Invested in capital assets, net of related debt	39,704			39,704	
Unrestricted	15,846	112,465	18,821	147,132	38,695
Total net assets	55,550	112,465	18,821	186,836	38,695

See accompanying notes to the basic financial statements.

EXHIBIT B-5

BOROUGH OF PITMAN SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Year Ended June 30, 2010

	Business-type Activities Enterprise Funds - Major Funds				Governmental Activities - Internal Service Fund
	Food Service	Before/After School	Preschool Program	Totals FY 2010	
OPERATING REVENUES:					
Local sources:					
Daily sales-reimbursable programs:	152,506			152,506	
Daily sales special milk	2,914			2,914	
Daily sales non-reimbursable programs	115,993			115,993	
Special function/miscellaneous	955	24		979	
Tuition		263,846	126,639	390,485	
Total operating revenue	272,368	263,870	126,639	662,877	
OPERATING EXPENSES:					
Salaries	201,442	192,794	115,845	510,081	
Employee benefits	47,415	16,370	5,019	68,804	
Supplies and materials	11,364	15,522		26,886	
Other purchased services (400-500 series)	6,415	688		7,103	
Cost of sales	206,240			206,240	
Depreciation	6,405			6,405	
Equipment	570			570	
Miscellaneous other expenses	683	2,371		3,054	
Total operating expenses	480,534	227,745	120,864	829,143	
Operating income (loss)	(208,166)	36,125	5,775	(166,266)	
NON-OPERATING REVENUES:					
State sources:					
National School Lunch Program - State	5,868			5,868	
School Breakfast Program	240			240	
Federal sources:					
National School Lunch Program	96,841			96,841	
School Breakfast Program	3,890			3,890	
Special Milk Program	1,702			1,702	
Food Distribution Program	22,591			22,591	
Total non-operating revenues (expenses)	131,132			131,132	
Transfer from General Fund - Bd. Contribution	85,000			85,000	
Net income (loss)	7,966	36,125	5,775	49,866	
Total net assets - beginning	47,584	76,340	13,046	136,970	38,695
Total net assets - ending	55,550	112,465	18,821	186,836	38,695

See accompanying notes to the basic financial statements.

EXHIBIT B-6

BOROUGH OF PITMAN SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

	Business-type Activities Enterprise Funds - Major Funds				Governmental Activities - Internal Service Fund
	Food Service	Before/After School	Preschool Program	Totals FY 2010	
Cash flows from operating activities:					
Receipts from customers	272,254	261,355	123,749	657,358	
Payments to suppliers	(206,637)	(18,581)		(225,218)	
Payments to employees	(198,992)	(192,794)	(115,845)	(507,631)	
Payments for employee benefits	(47,228)	(16,370)	(5,019)	(68,617)	
Net cash provided (used) by operating activities	(180,603)	33,610	2,885	(144,108)	
Cash flows from non-capital financing activities:					
Cash received from state & federal reimbursements	115,909			115,909	
Net cash provided by non-capital financing activities	115,909			115,909	
Cash flows from investing activities:					
Payments from General Fund	85,000			85,000	
Net cash provided by investing activities	85,000			85,000	
Net increase in cash and cash equivalents	20,306	33,610	2,885	56,801	
Cash and cash equivalents - July 1	(9,192)	86,662	14,796	92,266	38,695
Cash and cash equivalents - June 30	11,114	120,272	17,681	149,067	38,695
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	(208,166)	36,125	5,775	(166,266)	
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:					
Depreciation	6,405			6,405	
Food Distribution Program	22,591			22,591	
Change in assets and liabilities:					
(Increase) decrease in accts. receivable	(115)	348	(1,680)	(1,447)	
(Increase) decrease in inventory	(1,796)			(1,796)	
(Increase) decrease in prepaid expenses					
Increase (decrease) in accounts payable	(2,479)			(2,479)	
Increase in interfund accounts payable					
Increase in compensated absences	2,637			2,637	
Increase (decrease) in deferred revenue	320	(2,863)	(1,210)	(3,753)	
	(180,603)	33,610	2,885	(144,108)	

See accompanying notes to the basic financial statements.

EXHIBIT B-7

BOROUGH OF PITMAN SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Proprietary Funds
June 30, 2010

	Unemployment Compensation Trust Fund	Agency Funds	FY 2010
ASSETS			
Current assets:			
Cash and cash equivalents	61,115	155,431	216,546
Total assets	61,115	155,431	216,546
LIABILITIES			
Current liabilities:			
Payroll deductions and withholdings		62,022	62,022
Due to student groups		93,409	93,409
Total current liabilities		155,431	155,431
NET ASSETS			
Held in trust for scholarships	61,115		61,115

See accompanying notes to the basic financial statements.

EXHIBIT B-8

BOROUGH OF PITMAN SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Year Ended June 30, 2010

	Unemployment Compensation Trust Fund
ADDITIONS	
Contributions:	
Plan members	32,094
Total contributions	32,094
Investment earnings:	
Interest	216
Total additions	216
DEDUCTIONS	
Unemployment Claims	52,269
Change in Net Assets	(19,959)
Net Assets - Beginning of year	81,074
Net Assets - End of year	61,115

See accompanying notes to the basic financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The Borough of Pitman School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials who are responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education of the Borough of Pitman School District have been prepared in conformity with accounting principles generally accepted in the United States of America (G.A.A.P.) as applied to governmental units. The Governmental Accounting Standards Board (G.A.S.B.) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (G.A.S.B.) and the pronouncements of the Financial Accounting Standards Board (F.A.S.B.) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict (G.A.S.B.) pronouncements. Although the District has the option to apply (F.A.S.B.) pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so. The more significant accounting policies established in (G.A.A.P.) and used by the District are discussed below.

A. Reporting Entity

The Borough of Pitman School District is a Type II District located in the County of Gloucester, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of seven members elected to three-year terms. The purpose of the District is to educate students in grades K – 12.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the G.A.S.B. 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.

B. Government-wide Statements

The School District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds.) Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's general, special revenue, capital projects and debt service are classified as governmental activities. The District's food service, before and after school and preschool programs are classified as business-type activities.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net costs of each of the District's functions and business-type activities (food service and latchkey). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student and instruction related services, etc.) or business-type activities. Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, tuition, interest income, etc.).

The District does allocate indirect costs such as depreciation expense, on-behalf TPAF Pension contributions, and TPAF Social Security Contributions.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

C. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The District reports the following governmental funds:

GOVERNMENTAL FUNDS

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and change in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District.

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 noninstructional equipment which are classified in the Capital Outlay subfund.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Financial Statements (Continued)

As required by the New Jersey State Department of Education, the District included 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 fixed 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 governments, (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.

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 the Proprietary funds measurement is upon the determination of operating income, changes in net assets, financial position and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector. The following is a description of the proprietary funds of the District.

Enterprise Funds – The Enterprise Funds account for all revenues and expenses pertaining to the Board's operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services on a continuing basis are financed or recovered primarily through user charges.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Financial Statements (Continued)

The District's Enterprise Funds are comprised of the Food Service Fund, Before and After School Fund and the Preschool Program Fund.

Internal Service Fund - The Internal Service Fund accounts for the financing of services provided by one department to other departments of the School District, or to other governments on a cost-reimbursement basis.

FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or other governments and therefore not available to support District programs. The reporting focus is on net assets. Changes in net assets and are reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The fiduciary funds include Student Activity Fund, Payroll, Payroll Agency Funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported on the financial statements. It also related to the timing of the measurement made regardless of the measurement focus applied.

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are reported on the modified accrual basis of accounting. Under this method, revenues are recorded when they become both susceptible to accrual; i.e. both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

thereafter. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Proceeds of general obligation long-term debt, if any, is recognized when due.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from G.A.A.P. in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the G.A.A.P. basis does not. Sufficient supplemental records are maintained to allow for the presentation of G.A.A.P. basis financial reports.

E. Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, cash in banks, money market accounts 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 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.

For purposes of determining cash equivalents the District considers all investments with an original maturity of three months or less as cash equivalents.

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

Additionally, 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 Governmental Unit Deposit Protection Act (G.U.D.P.A.). G.U.D.P.A. was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least 5% of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Inventories

Inventories in the General Fund consist of expendable supplies held for the District's use and are carried at cost using first-in first-out method. Inventories in the Enterprise Fund are valued at cost, which approximates market, using first-in first-out method. Inventory in the Food Service Fund at June 30, 2010 consisted of the following:

Food - Commodities	1,959
Food	3,883
	5,842

The value of federal donated commodities are reflected in Schedule A (required by Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

G. Capital Assets

Capital assets purchased or acquired with an original cost of $2,000 or more are reported at historical costs or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is computed using the straight-line method over the estimated useful lives:

Asset Class	Estimated Useful Lives
Site Improvements	15-20
Building & Improvements	20-50
Machinery & Equipment	5-20

H. Revenues

Substantially all governmental fund revenue is accrued. Property taxes are susceptible to accrual and under New Jersey State statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue based on GASB No. 33. In applying GASB 33 to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, are met are reported as advances by the provider and deferred revenue by the recipient.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Expenditures

Expenses are recognized when the related fund liability is incurred. Inventory costs reported in the period when inventory items are used, rather than in the period purchased.

J. Compensated Absences

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

In governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absence liability is reported in the District-wide Financial Statements as a Governmental Activity.

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

K. Interfund Receivables/Payables

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the Enterprise Fund. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the Statement of Net Assets, except for amounts due between governmental and business-type activities or governmental and agency funds, which are presented as internal balances.

L. Accrued Salaries and Wages

None of the School District's employees who provide services to the District over the ten month academic year, have the option to have their salaries evenly disbursed during the entire twelve month year.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2(g). Budget amendments/transfers of appropriations must be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools. All budget amendments presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The Capital Projects Fund presents the remaining project appropriations compared to current year expenditures.

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

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

N. Encumbrances

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

O. Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

P. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

Q. Allocation of Indirect Expenses

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

R. 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.

S. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

NOTE 2: CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is based on New Jersey statutes requiring cash to be deposited only in New Jersey banking institutions that participate in the New Jersey Governmental Depository Protection Act (G.U.D.P.A.) or in qualified investments established in New Jersey Statues N.J.S.A. 18A:20-37 that are treated as cash equivalents. The carrying amount of the District's cash and cash equivalents at June 30, 2010 and 2009, was $1,440,791 and $878,433. As of June 30, 2010 and 2009 $0 of the District's bank balance of $2,071,758 and $1,264,412, respectively, was exposed to custodial credit risk.

NOTE 3: INVESTMENTS

As of June 30, 2010 and 2009, the District did not have any investments.

Interest rate risk: The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statute N.J.S.A. 18A:20-37 limits the length of time for most investments to 397 days.

Credit risk: New Jersey statute N.J.S.A. 18A:20-37 limits District investments to those specified in the Statutes. The type of allowable investments are: Bonds of the United States of America or of the District or the local units in which the District is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit risk: The District places no limit on the amount the District may invest in any one issuer.

NOTE 4: RECEIVABLES

Receivables at June 30, 2010, (see Exhibit B-1 and B-4) consisted of intergovernmental and property taxes receivable. All receivables are considered collectible in full. A summary of the principal items of the intergovernmental receivables are as follows:

	Governmental Activities	Business-Type Activities
State Aid	104,873	578
Other	41,554	4,426
Federal Aid	283,750	9,782
	430,177	14,786

NOTE 5: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Board of Education by inclusion of $100,000 on October 10, 2000 for the accumulation of funds for use as 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 Facilities Plan (L.R.F.P.). Upon submission of the L.R.F.P. to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved L.R.F.P.

The June 30, 2010 L.R.F.P. balance of local support costs of uncompleted capital projects is $1,119,720.

Beginning balance, July 1, 2009	40,337
Interest Earnings	176
Ending Balance June 30, 2010	40,513

NOTE 6: CAPITAL ASSETS

Activity for capital assets capitalized by the District group is summarized below for the fiscal year ended June 30, 2010.

	Balance July 1, 2009	Additions	Disposals/ Adjustments	Balance June 30, 2010
Governmental activities:				
Capital assets not being depreciated				
Construction in progress		1,444,168		1,444,168
Sites (Land)	101,593			101,593
Total capital assets not being depreciated	101,593	1,444,168		1,545,761
Land Improvements	925,211			925,211
Building & Building Improvements	17,076,281			17,076,281
Machinery & Equipment	1,282,843	24,605		1,307,448
Totals at historical cost	19,284,335	24,605		19,308,940
Less: Accumulated depreciation				
Land Improvements	(793,069)	(20,368)		(813,437)
Building & Building Improvements	(6,534,221)	(429,883)		(6,964,104)
Machinery & Equipment	(653,248)	(71,025)		(724,273)
Total accumulated depreciation	(7,980,538)	(521,276)		(8,501,814)
Governmental activities capital assets, net	11,405,390	947,497		12,352,887
Business-type activities:				
Machinery & Equipment	177,993			177,993
Less: Accumulated depreciation	(131,884)	(6,404)		(138,288)
Business-type capital assets, net	46,109	(6,404)		39,705

Depreciation was charged to the following governmental programs:

Instruction - regular	5,908
Instruction - special	1,786
Instruction - other	3,699
Support Administration	20,033
Operation and Maintenance	9,035
Unallocated	480,815
Total	521,276

NOTE 7: GENERAL LONG-TERM DEBT

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

Advance Refunding

On June 1, 2005, the District issued $6,185,000 Refunding Bonds payable in annual installments through April 1, 2018. Interest is paid semiannually at varying rates ranging from 3% to 5% per annum. The bond issue Series of 1998 was advance refunding in the amount of $6,055,000 of the outstanding balance which had a 4.8% interest rate. The Refunding Bonds maturing on and after April 1, 2018 are subject to redemption prior to their stated maturity dates upon notice, at the option of the School District, at a redemption price equal to 100% of the principal amount of the Refunding Bonds to be redeemed, plus accrued interest to the redemption date. The balance remaining as of June 30, 2010 was $5,105,000.

$4,229,000 School Bonds dated January 15, 2006, payable in annual installments through August 1, 2025. Interest is paid semi-annually at an interest rate from 3.65% to 4.05%. The remaining balance at June 30, 2010 was $4,219,000.

$2,095,000 School Bonds dated December 16, 2009, payable in annual installments through March 1, 2025. Interest is paid semi-annually at an interest rate from 2% to 4%. The remaining balance at June 30, 2010 was $2,095,000.

Long-term Obligation Activity

Changes in long-term obligations for the fiscal year ended June 30, 2010, are as follows:

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010	Due within one year
Compensated absences	870,396	197,464	372,933	694,927	97,423
Capital leases	182,621	105,000	144,963	142,658	107,475
Special termination benefits	51,878	207,500	51,878	207,500	103,750
Serial bonds payable	9,904,000	2,095,000	580,000	11,419,000	595,000
	11,008,895	2,604,964	1,149,774	12,464,085	903,648

The District has several leases for computers, equipment and lighting retrofit. Lease terms range from three to five years. Interest rates vary from 3.5% to 6% see Exhibit I-2. The following is a schedule of the future minimum lease payments under their capital

Year Ended June 30	Principal	Interest	Total
2010-2011	107,475	5,276	112,751
2011-2012	35,184	1,284	36,468
	142,659	6,560	149,219

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

Bonds Payable

Principal and interest due on serial bonds outstanding is as follows:

Year Ended June 30	Principal	Interest	Total
2011	695,000	462,754	1,157,754
2012	730,000	426,237	1,156,237
2013	770,000	399,172	1,169,172
2014	780,000	370,607	1,150,607
2015	790,000	335,192	1,125,192
2016-2020	3,660,000	1,172,590	4,832,590
2021-2025	3,415,000	489,495	3,904,495
2026	579,000	180,727	759,727
	11,419,000	3,836,774	15,255,774

Bonds Authorized but Not Issued

As of June 30, 2010, the Board has $0 of bonds authorized but not issued.

Deferred Bond Issuance Costs and Premiums on Bonds

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds. The costs associated with the Series 2005 and 2006 are detailed below.

The unamortized deferred amount on refunding resulting from the 2005 refunding of the outstanding series of 1998 school bonds is being amortized straight-line over the remaining life of the specific bonds (13 years) and is reflected in the District-wide financial statement as reduction of the related debt.

The unamortized debt premium resulting from the 2005 refunding of the outstanding series of 1998 school bonds is being amortized straight-line over the remaining life of the specific bonds (13 years) and is reflected in the District-wide financial statement as an addition of the related debt.

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

DEFERRED BOND ISSUANCE COSTS

	Useful Lives	Costs	Balance 7/1/2009	Amortization Current Year	Balance 6/30/2010
Series 2005	13	88,910	28,107	6,883	34,990
Series 2006	19.6	32,586	5,824	1,664	7,488
			33,931	8,547	42,478
DEFERRED AMOUNT ON REFUNDING					
Series 2005	13	227,297	71,855	17,597	89,452
DEBT PREMIUM					
Series 2005	13	204,896.0	64,774	15,863	80,637

Other

Interest paid on debt issued by the District is exempt from federal income tax. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the federal government based on the requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

Rebatable arbitrage liabilities related to District debt are not recorded in governmental funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the federal government. Thus, rebatable arbitrage liabilities related to governmental debt will be accrued as incurred at least annually (at fiscal year end) on the District-wide financial statements.

For the year ended June 30, 2010, it is not necessary for the Board to establish a liability for arbitrage rebate.

Compensated absences are recorded as long-term liabilities due in more than one year.

NOTE 8: PENSION FUNDS

Description of Plans - All eligible employees of the District are covered by the Public Employees' Retirement System, (P.E.R.S.), or Teachers' Pension and Annuity Fund (T.P.A.F.) a cost-sharing multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System 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. The reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625 or can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archieve.htm.

Teachers' Pension and Annuity Fund (T.PA.F.) - 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 titles.

Public Employees' Retirement System (P.E.R.S.) - The Public Employees' Retirement System (P.E.R.S.) 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 generally required for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another state-administered retirement system or other state or local jurisdiction.

Funding Policy - 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. P.E.R.S. provide for employee contributions of 5.5% of employees' annual compensation, as defined. T.P.A.F. provides for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in P.E.R.S and T.P.A.F. The P.E.R.S. rates in effect for April 2010 are 8.95% of covered payroll, respectively as reported on June 30, 2008. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The District's contributions to P.E.R.S for the years ending June 30, 2010, 2009 and 2008 were $234,720, $161,775 and $72,945 respectively, equal to the required contributions for each year. The School District's contributions to T.P.A.F for the years ending June 30, 2010, 2009 and 2008 were $805,913, $718,705 and $1,792,786 respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year.

NOTE 8: PENSION FUNDS (CONTINUED)

The Board's total payroll for the year ended June 30, 2010, 2009 and 2008 were $15,193,171, $14,648,102 and $13,980,751, covered payroll was $11,328,554, $11,006,389 and $10,575,940 for T.P.A.F. and $2,592,776, $2,464,263 and $2,215,744 for P.E.R.S.

Defined Contribution Retirement Program – The Defined Contribution Retirement Program (D.C.R.P.) is a cost-sharing multiple-employer defined contribution pension fund which was established on July 1, 2007, under provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.A.C. 43:15C-1 et. seq.). The D.C.R.P. provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provision are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contributes amounts for each pay period to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District did made contributions for the fiscal year 2010.

NOTE 9: POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c. 6 required Teachers' Pensions and Annuity Fund (T.P.A.F.) and the Public Employees' Retirement System (P.E.R.S.), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating twenty-five years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through (T.P.A.F.) and (P.E.R.S.). 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, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed, from a pre-funding basis, to a pay-as-you-go basis, beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of P.E.R.S. and the Alternate Benefit Program who retired from a board of education or county college with twenty-five years of service. The State paid $116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in fiscal year 2009.

NOTE 10: DEFERRED COMPENSATION

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

Lincoln Investment Planning, Inc.
MetLife
MetLife Universal-Travelers

NOTE 11: COMPENSATED ABSENCES

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policies. The District's policy permits Association employees to accumulate 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 if the employee has a minimum of 100 days in accordance with District's agreements with the various employee unions. The District uses the vesting method to record the liability.

For the District-wide *Statement of Net Assets*, the liabilities whose average maturities are greater than one year should be reported in two components - the amount due within one year and the amount due in more than one year. The liability for compensated absences in the governmental fund at June 30, 2010 is $694,927. The liability for compensated absences in the food service fund at June 30, 2010 is $9,683.

NOTE 12: RISK MANAGEMENT

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

Property and Liability Insurance:
The District maintains commercial insurance coverage for property, liability, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (Exhibit J-20) of this Comprehensive Annual Financial Report. During the fiscal year ended June 30, 2010, the District did not incur claims in excess of their coverage.

The District is a member of the New Jersey School Boards Association Insurance Group – ERIC – South. The purpose of this is to permit member Boards of Education to make use of their powers and resources by cooperating on a basis that will be of mutual advantage and to provide a procedure for development, administration, and provision of Risk Management Programs, a

NOTE 12: RISK MANAGEMENT (CONTINUED)

Joint Self Insurance Fund, Joint Insurance Purchases and related services for members and their employees for the following:

- Workers Compensation and Employers Liability
- Automobile and Equipment Liability
- General Liability and Property Damage
- School Board Legal Liability
- Boiler and Machinery

New Jersey Unemployment Compensation Insurance:
The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The table below is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

Fiscal Year	Interest Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2009-2010	216	32,094	52,269	61,115
2008-2009	611	32,797	21,345	81,074
2007-2008	1,651	31,741	19,906	69,011

NOTE 13: OPERATING LEASES

The District has commitments to lease copy machines under non-cancelable operating leases spanning 48 months. Monthly payments range from $76-$656 a month per machine. The District also has a commitment for a postage machine under non-cancelable operating leases spanning 60 months at a monthly payment of $349. Total lease payments made during the year ended June 30, 2010 amounted to $49,445. Future minimum lease payments are as follows:

Year Ended June 30	Amount
2011	49,445
2012	47,178
2013	37,601
	134,224

NOTE 14: FUND BALANCE APPROPRIATED

General Fund – (Exhibit B-1) Of the $399,813 fund balance at June 30, 2010, $50,862 is reserved for encumbrances; $148,075 is reserved as excess surplus in accordance with N.J.S.A. 18A;7F-7; ($148,075 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2011); $40,513 has been reserved in the capital reserve account; $570,220 has been reserved in the maintenance reserve account; $151,925 has been appropriated and included as anticipated revenue for the year ending June 30, 2011; and $(561,782) is unreserved and undesignated.

Debt Service Fund - There was $8,943 fund balance at June 30, 2010, $6,261 has been appropriated and included as anticipated revenue for the year ending June 30, 2011.

NOTE 15: CALCULATION OF EXCESS SURPLUS

The designation of Reserve Fund Balance – Excess surplus is a required calculation pursuant N.J.S.A. 18A:7F-7, as amended. New Jersey School Districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2010 is $148,075.

NOTE 16: DEFICIT FUND BALANCES

The District has a deficit fund balance of $561,782 (Exhibit B-1) in the General Fund as of June 30, 2010 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, G.A.S.B. Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the School District can not recognize the last state aid payment on the G.A.A.P. financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the General Fund balance deficit does not alone indicate that the District is facing financial difficulties.

NOTE 17: ECONOMIC DEPENDENCY

The District is heavily reliant on federal and state sources to fund the District operations. Federal and state sources funded approximately 52% of the District's 2009-2010 governmental operations.

NOTE 18: SPECIAL TERMINATION BENEFITS

The Board approved an early retirement incentive on March 29, 2010. The early retirement incentive period was from April 1, 2010 to May 7, 2010. Teachers and administrators were offered $12,500 and support staff $5,000. Fifteen teachers and four support staff members made this election. The benefits to be paid half each over the next two budgets are $207,500. Actuarial calculations were not performed since the payout period is relatively short and the difference between the actuarial cost method and the actual payout amounts would not be significant. The special termination benefits liability has been included in the long-term debt.

NOTE 19: POST-EMPLOYMENT HEALTHCARE PLAN

Plan Description. Borough of Pitman School District, New Jersey Postemployment Healthcare Benefit Plan is a single-employer defined benefit healthcare plan administered by Willis North America. Willis North America provides fully-insured medical, dental and prescription drug coverage to eligible retirees and their spouses.

Funding Policy: The individual contribution requirements of the School District healthcare plan, are established by negotiated labor contracts. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2010, the School District contributed $110,365 to the funded plan for current premiums.

Funded Status and Funding Progress. As of June 30, 2010, the School District is considered to be an unfunded plan. There are no plan assets. The retiree benefits are paid annually on a cash basis. The initial valuation was performed for the year ended June 30, 2009. The next actuarially calculated OPEB obligation will be calculated for June 30, 2012.

NOTE 20: SUBSEQUENT EVENT

On August 18, 2010, the Board approved a three year lease for computers. The capital lease is for $42,270 at a rate of 3.15%. The lease/purchase agreement is with TD Equipment Financing.

NOTE 21: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remain on the balance sheet at June 30, 2010:

	Interfund	
	Receivable	Payable
Capital Projects		184
Debt Service Fund	184	
	184	184

The interfund is a result of June interest earned which is transferred in July.

NOTE 22: CONTINGENT LIABILITIES

The School District participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

It is the opinion of the administration and legal counsels, there exists no litigation or contingent liability that may be pending against the Borough of Pitman School District that would have a material or adverse effect on the Board or the financial position of the District.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

EXHIBIT C-1

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	10,893,332		10,893,332	10,893,332	
Tuition from individuals	75,000		75,000	72,345	(2,655)
Tuition from other LEA's within the State				87,826	87,826
Interest on investments	25,000		25,000	8,534	(16,466)
Interest on capital reserve funds	1,350		1,350	175	(1,175)
Miscellaneous	73,000		73,000	58,113	(14,887)
Total - local sources	11,067,682		11,067,682	11,120,325	52,643
State sources:					
Transportation aid	143,357		143,357	143,357	
Extraordinary aid	13,107		13,107	64,692	51,585
Special education aid	741,653		741,653	741,653	
Equalization aid	8,150,247	(1,478,830)	6,671,417	6,671,417	
Security aid	120,732		120,732	120,732	
Adjustment aid	963,154		963,154	704,995	(258,159)
Teachers' Pension and Annuity Fund (on-behalf non-budgeted)				40,741	40,741
T.P.A.F. post-retirement (on-behalf non-budgeted)				765,172	765,172
Reimbursed T.P.A.F. social security contributions (non-budgeted)				865,546	865,546
Total - state sources	10,132,250	(1,478,830)	8,653,420	10,118,305	1,464,885
Federal sources:					
Equalization stabilization fund		1,423,716	1,423,716	1,423,716	
Government services recovery act		55,114	55,114	55,114	
Medical Assistance Program	16,534		16,534	27,329	10,795
Total - federal sources	16,534	1,478,830	1,495,364	1,506,159	10,795
Total revenues	21,216,466		21,216,466	22,744,789	1,528,323

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Regular programs - instruction:					
Salaries of teachers:					
Preschool	106,133	5,130	111,263	111,192	71
Kindergarten	180,028	10,130	190,158	187,396	2,762
Grades 1-5	2,376,352	(241,310)	2,135,042	2,123,164	11,878
Grades 6-8	1,571,231	40,000	1,611,231	1,606,037	5,194
Grades 9-12	2,406,224	28,274	2,434,498	2,433,607	891
Regular programs - home instruction:					
Salaries of teachers	3,000	5,006	8,006	7,518	488
Purchased professional - educational services	3,000	(460)	2,540	2,065	475
Regular programs - undistributed instruction:					
Other salaries for instruction	40,754	6,345	47,099	46,212	887
Purchased professional - educational services	10,200		10,200	2,879	7,321
Purchased technical services	136,485	(23,600)	112,885	102,639	10,246
Other purchased services (400-500 series)	129,058	(37,900)	91,158	73,881	17,277
General supplies	305,755	(28,800)	276,955	219,028	57,927
Textbooks	60,259	(200)	60,059	38,679	21,380
Miscellaneous expenditures	2,260	(600)	1,660	558	1,102
Total regular programs	7,330,739	(237,985)	7,092,754	6,954,855	137,899
Learning and/or language disabilities:					
Salaries of teachers	111,603	(970)	110,633	110,591	42
Other salaries for instruction	52,749	(10,990)	41,759	41,605	154
Other purchased services (400-500 series)	150		150		150
General supplies	14,925	(13,250)	1,675	1,075	600
Textbooks	9,000	(8,730)	270	157	113
Miscellaneous expenditures	660		660		660
Total learning and/or language disabilities	189,087	(33,940)	155,147	153,428	1,719
Multiple disabilities					
Salaries of teachers	282,736	10,510	293,246	289,822	3,424
Other salaries for instruction	135,483	1,373	136,856	133,366	3,490
Other purchased services (400-500 series)	200		200		200
General supplies	22,680	(13,550)	9,130	4,818	4,312
Textbooks	4,800	(2,520)	2,280	1,283	997
Miscellaneous expenditures	880		880		880
Total multiple disabilities	446,779	(4,187)	442,592	429,289	13,303
Resource room:					
Salaries of teachers	1,397,433	10,455	1,407,888	1,407,608	280
Other salaries for instruction	212,965	27,127	240,092	239,261	831
Other purchased services (400-500 series)	1,100	(1,100)			
General supplies	23,168	(14,650)	8,518	7,622	896
Textbooks	12,300	(9,850)	2,450	2,352	98
Miscellaneous expenditures	450		450		450
Total resource room	1,647,416	11,982	1,659,398	1,656,843	2,555

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Home instruction:					
Salaries of teachers	3,000	1,850	4,850	4,774	76
Purchased professional - educational services	3,000	3,850	6,850	6,834	16
Total home instruction	6,000	5,700	11,700	11,608	92
Total special education	2,289,282	(20,445)	2,268,837	2,251,168	17,669
Basic skills/remedial:					
Salaries of teachers	313,946	41,690	355,636	355,232	404
General supplies	3,350	(800)	2,550	1,317	1,233
Total basic skills/remedial	317,296	40,890	358,186	356,549	1,637
Bilingual:					
Other purchased services (400-500 series)	100		100		100
General supplies	860		860	71	789
Textbooks	225		225		225
Total bilingual	1,185		1,185	71	1,114
School sponsored co-curricular activities:					
Salaries	80,972	50,000	130,972	129,107	1,865
Purchased services (300-500 series)	10,700	(1,100)	9,600	8,092	1,508
General supplies	12,691		12,691	12,101	590
Miscellaneous expenditures	8,789	(1,600)	7,189	5,969	1,220
Total school sponsored co-curricular activities	113,152	47,300	160,452	155,269	5,183
School sponsored athletics - instruction:					
Salaries	309,044	(42,000)	267,044	266,522	522
Purchased services (300-500 series)	65,950	(1,755)	64,195	58,496	5,699
General supplies	41,565	4,100	45,665	42,971	2,694
Miscellaneous expenditures	18,400	4,300	22,700	20,635	2,065
Total school sponsored athletics - instruction	434,959	(35,355)	399,604	388,624	10,980
Total other instructional programs	866,592	52,835	919,427	900,513	18,914
Total - instruction	10,486,613	(205,595)	10,281,018	10,106,536	174,482
Undistributed expenditures:					
Instruction:					
Tuition to LEA's within state regular	63,000	(33,078)	29,922	29,585	337
Tuition to LEA's within state special	42,000	(42,000)		578,650	(578,650)
Tuition to county special services district & regional day schools	584,375	(1,438)	582,937	431,436	151,501
Tuition to private schools for the handicapped-state	334,117	114,956	449,073		449,073
Total undistributed expenditures - instruction	1,023,492	38,440	1,061,932	1,039,671	22,261

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Health services:					
Salaries	365,578	(45,560)	320,018	318,948	1,070
Purchased professional & technical services	25,350	1,145	26,495	26,174	321
Other purchased services (400-500 series)	50		50		50
Supplies and materials	8,147	(495)	7,652	5,295	2,357
Total health services	399,125	(44,910)	354,215	350,417	3,798
Related services:					
Salaries of teachers	281,887	33,662	315,549	315,088	461
Purchased professional educational services	90,300	(32,000)	58,300	45,752	12,548
General supplies	3,835	2,000	5,835	1,844	3,991
Total related services	376,022	3,662	379,684	362,684	17,000
Extraordinary services:					
Salaries		8,698	8,698	8,671	27
Purchased professional educational services	62,504	(29,000)	33,504	19,560	13,944
Total extraordinary services	62,504	(20,302)	42,202	28,231	13,971
Guidance services					
Salaries of other professional staff	580,764	3,800	584,564	581,093	3,471
Salaries of secretarial and clerical assistants	31,811	350	32,161	32,118	43
Purchased professional technical services	5,500	1,500	7,000	6,560	440
Other purchased services (400-500 series)	1,210	50	1,260	123	1,137
Supplies and materials	4,363	(50)	4,313	2,522	1,791
Other objects	3,565		3,565	660	2,905
Total guidance services	627,213	5,650	632,863	623,076	9,787
Child study team					
Salaries of other professional staff	331,634	(24,440)	307,194	305,523	1,671
Salaries of secretarial and clerical assistants	75,312		75,312	74,704	608
Purchased professional technical services	17,725		17,725	9,098	8,627
Other purchased services (400-500 series)	3,400	(900)	2,500	893	1,607
Supplies and materials	17,259		17,259	8,159	9,100
Other objects	1,400		1,400		1,400
Total child study team	446,730	(25,340)	421,390	398,377	23,013
Improvement of instructional services/other support services - instructional staff:					
Salaries of supervisors of instruction	118,600	1,280	119,880	119,830	50
Salaries of other professional staff	154,081	2,450	156,531	155,001	1,530
Salaries of secretarial and clerical assistants	64,875	(3,230)	61,645	61,613	32
Other purchased services (400-500 series)	2,850		2,850		2,850
Supplies and materials	3,600		3,600	417	3,183
Other objects	4,500	(130)	4,370	864	3,506
Total improvement of instructional services/other support services - instructional staff	348,506	370	348,876	337,725	11,151

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Educational media services/school library:					
Salaries	281,807	1,475	283,282	280,586	2,696
Salaries of technology coordinator	83,625	80	83,705	83,705	
Purchased professional educational services	7,642	(1,725)	5,917	495	5,422
Other purchased services (400-500 series)	1,125	(200)	925		925
Supplies and materials	50,584	(18,400)	32,184	15,602	16,582
Other objects	750		750		750
Total educational media services/school library	425,533	(18,770)	406,763	380,388	26,375
Instructional staff training:					
Salaries of other professional staff	6,000		6,000		6,000
Purchased professional educational services	12,000	1,100	13,100	4,850	8,250
Other purchased services (400-500 series)	26,350	(6,100)	20,250	13,099	7,151
Total instructional staff training	44,350	(5,000)	39,350	17,949	21,401
Support services general administration:					
Salaries	224,450	2,485	226,935	223,931	3,004
Legal services	5,000	(1,000)	4,000	3,969	31
Audit Fees	28,114	(10,000)	18,114	17,000	1,114
Other professional services	26,600	5,000	31,600	31,330	270
Purchased technical services	2,500		2,500	270	2,230
Communications/telephone	47,000	(4,600)	42,400	42,095	305
Other purchased services (400-500 series)	91,341	(5,800)	85,541	76,345	9,196
BOE other purchased services	2,000		2,000		2,000
General supplies	5,000	350	5,350	5,341	9
BOE in-house training/meeting supplies	2,000		2,000	50	1,950
Miscellaneous expenditures	5,000		5,000	4,002	998
BOE Member dues/fees	12,000		12,000	11,390	610
Total support services general administration	451,005	(13,565)	437,440	415,723	21,717
Support services school administration					
Salaries of principals/assistant principals	655,292	(2,532)	652,760	651,902	858
Salaries of other professional staff	104,046	51,497	155,543	155,050	493
Salaries of secretarial and clerical assistants	290,000	(9,085)	280,915	278,998	1,917
Purchased professional educational services	2,900		2,900		2,900
Purchased professional technical services	15,500	9,050	24,550	15,977	8,573
Other purchased services (400-500 series)	15,101	(9,060)	6,041	2,607	3,434
Supplies and materials	24,560	5,915	30,475	17,304	13,171
Other objects	14,000	695	14,695	12,643	2,052
Total support services school administration	1,121,399	46,480	1,167,879	1,134,481	33,398
Central services:					
Salaries	243,268	(300)	242,968	238,010	4,958
Purchased technical services	38,000	8,400	46,400	39,745	6,655
Other purchased services (400-500 series)	7,700	5,900	13,600	1,764	11,836
Supplies and materials	6,000		6,000	5,187	813
Interest on lease purchase agreements	7,206	515	7,721	7,711	10
Other objects	4,000	(515)	3,485	2,735	750
Total central services	306,174	14,000	320,174	295,152	25,022

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Required maintenance:					
Cleaning, repair and maintenance services	106,800	(1,950)	104,850	73,659	31,191
Total required maintenance	106,800	(1,950)	104,850	73,659	31,191
Custodial services					
Salaries	845,482	7,050	852,532	831,447	21,085
Purchased professional - technical services	11,000	(2,650)	8,350	2,500	5,850
Purchased professional educational services	42,000	6,000	48,000	42,307	5,693
Cleaning, repair and maintenance services	141,751	200	141,951	118,581	23,370
Insurance	112,220	(9,000)	103,220	99,671	3,549
Other purchased property	5,000		5,000	4,900	100
Miscellaneous purchased services	2,000	(950)	1,050		1,050
General supplies	107,350	(20,950)	86,400	81,336	5,064
Energy (heat and electricity)	452,000	(452,000)			
Natural Gas		159,000	159,000	151,914	7,086
Electricity		282,500	282,500	265,277	17,223
Other objects	1,000	500	1,500	1,379	121
Total custodial services	1,719,803	(30,300)	1,689,503	1,599,312	90,191
Total operation and maintenance of plant services	1,826,603	(32,250)	1,794,353	1,672,971	121,382
Grounds					
Salaries	75,648	(2,500)	73,148	72,793	355
Total grounds	75,648	(2,500)	73,148	72,793	355
Student transportation services:					
Contracted services (other than between home and school) - vendors	80,030	7,225	87,255	77,796	9,459
Contracted services (between home and school) - joint agreements	66,100	(66,100)			
Contracted services (special education students) - joint agreements	266,300	6,070	272,370	258,415	13,955
Contracted services (special education students) ESCs & CTSA	20,000	69,100	89,100	88,627	473
Total student transportation services	432,430	16,295	448,725	424,838	23,887
Allocated benefits:					
Regular programs - instruction - employee benefits					
Social security	17,704	13,850	31,554	31,514	40
Other retirement - regular	6,978	3,840	10,818	10,797	21
Unemployment Compensation		50,000	50,000	50,000	
Workers' compensation	52,296	(1,087)	51,209	51,208	1
Health benefits	1,137,841	104,280	1,242,121	1,241,226	895
Tuition reimbursement	35,000	600	35,600	35,532	68
Other employee benefits	7,750	6,110	13,860	13,860	
Total regular program - employee benefits	1,257,569	177,593	1,435,162	1,434,137	1,025

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special programs - instruction - employee benefits					
Social security contributions	32,566	5,150	37,716	37,632	84
Other retirement regular	25,636	14,050	39,686	39,668	18
Unemployment compensation		50,000	50,000	50,000	
Workers' compensation	21,907	3,787	25,694	25,604	90
Health benefits	566,089	(146,950)	419,139	418,898	241
Tuition reimbursement	20,000		20,000	19,469	531
Other employee benefits	2,000	(2,000)			
Total special program - employee benefits	668,198	(75,963)	592,235	591,271	964
Other instructional programs - employee benefits					
Social security contributions	29,836	1,000	30,836	30,710	126
Other retirement regular	3,336	1,900	5,236	5,163	73
Workers' compensation	3,405	1,750	5,155	5,121	34
Health benefits	6,199		6,199	6,099	100
Total other instructional programs - employee benefits	42,776	4,650	47,426	47,093	333
Health services - employee benefits					
Social security contributions	1,846	4,380	6,226	5,879	347
Other retirement regular	1,512	830	2,342	2,342	
Workers' compensation	2,755	1,600	4,355	4,353	2
Health benefits	49,536	32,000	81,536	79,373	2,163
Other employee benefits	250		250		250
Total health services - employee benefits	55,899	38,810	94,709	91,947	2,762
Related services - employee benefits					
Social security contributions	1,328	160	1,488	1,465	23
Workers' compensation	2,461	(110)	2,351	2,176	175
Health benefits	53,585	(1,550)	52,035	47,203	4,832
Other employee benefits	15,750	(550)	15,200	14,535	665
Total related services - employee benefits	73,124	(2,050)	71,074	65,379	5,695
Extraordinary services - employee benefits					
Social security contributions		925	925	663	262
Total related services - employee benefits		925	925	663	262
Guidance employee benefits					
Social security contributions	938	3,295	4,233	3,705	528
Other retirement regular	1,995	550	2,545	2,508	37
Workers' compensation	5,611	(1,770)	3,841	3,841	
Health benefits	89,185	(4,250)	84,935	84,295	640
Other employee benefits	250	500	750	750	
Total guidance employee benefits	97,979	(1,675)	96,304	95,099	1,205

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Child study team benefits					
Social security contributions	7,552	1,600	9,152	9,087	65
Other retirement regular	5,055	2,740	7,795	7,795	
Workers' compensation	3,038	1,200	4,238	4,225	13
Health benefits	66,209	7,500	73,709	73,621	88
Total child study team benefits	81,854	13,040	94,894	94,728	166
Improvement of instructional services - employee benefits					
Social security contributions	4,963		4,963	4,743	220
Other retirement regular	4,123	2,242	6,365	6,365	
Workers' compensation	3,527	(2,200)	1,327	1,280	47
Health benefits	62,163	(3,442)	58,721	58,505	216
Total improvement of instructional services/other support - employee benefits	74,776	(3,400)	71,376	70,893	483
Educational media services - employee benefits					
Social security contributions	8,817	10,500	19,317	19,114	203
Other retirement regular	16,945	9,300	26,245	26,244	1
Workers' compensation	8,817	(5,350)	3,467	3,457	10
Health benefits	49,437	(4,000)	45,437	44,630	807
Total educational media services - employee benefits	84,016	10,450	94,466	93,445	1,021
Instructional staff training - employee benefits					
Social security contributions	459	700	1,159	1,083	76
Total instructional staff training - employee benefits	459	700	1,159	1,083	76
Support services general administration - employee benefits					
Social security contributions	1,960	3,526	5,486	5,039	447
Other retirement regular	4,977	2,740	7,717	7,717	
Workers' compensation	1,960	299	2,259	2,176	83
Health benefits	19,154		19,154	18,900	254
Total support services general administration - employee benefits	28,051	6,565	34,616	33,832	784
Support services school administration - employee benefits					
Social security contributions	22,548		22,548	21,133	1,415
Other retirement regular	18,535	10,130	28,665	28,665	
Workers' compensation	10,986	(1,300)	9,686	9,602	84
Health benefits	158,723	4,200	162,923	162,911	12
Tuition reimbursement	3,600	(2,900)	700		700
Other employee benefits	15,400	(3,010)	12,390	10,552	1,838
Total support services school administration - employee benefits	229,792	7,120	236,912	232,863	4,049

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Central services - employee benefits					
Social security contributions	2,384	9,610	11,994	11,825	169
Other retirement regular	8,844	(60)	8,784	8,756	28
Workers' compensation	2,124	100	2,224	2,176	48
Health benefits	63,999	1,900	65,899	65,808	91
Tuition reimbursement	31,154	(550)	30,604	30,556	48
Total central services - employee benefits	108,505	11,000	119,505	119,121	384
Custodial - employee benefits					
Social security contributions	69,319	1,000	70,319	69,871	448
Other retirement regular	57,326	31,375	88,701	88,700	1
Workers' compensation	7,825	2,500	10,325	10,242	83
Health benefits	206,133	12,000	218,133	217,716	417
Total custodial employee benefits	340,603	46,875	387,478	386,529	949
Total allocated benefits	3,143,601	234,640	3,378,241	3,358,083	20,158
Teachers' Pension and Annuity Fund (on-behalf non-budgeted)				40,741	(40,741)
T.P.A.F. post-retirement (on-behalf non-budgeted)				765,172	(765,172)
Reimbursed T.P.A.F. social security contributions (non-budgeted)				865,546	(865,546)
Total on-behalf contributions				1,671,459	(1,671,459)
Total undistributed expenditures	11,110,335	196,900	11,307,235	12,584,018	(1,276,783)
Total expenditures - current expense	21,596,948	(8,695)	21,588,253	22,690,554	(1,102,301)
CAPITAL OUTLAY:					
Equipment:					
Regular programs - instruction:					
Grades 6-8	16,000	3,700	19,700	19,610	90
Grades 9-12		4,995	4,995	4,995	
Total equipment	16,000	8,695	24,695	24,605	90
Facilities acquisition and construction services:					
Lease purchase agreements - principal	143,626		143,626	140,063	3,563
Total facilities acquisition and construction services	143,626		143,626	140,063	3,563
Assets acquired under capital leases (non-budgeted)					
Support services - students regular				105,000	(105,000)
Total assets acquired under capital leases (non-budgeted)				105,000	(105,000)
Total capital outlay	159,626	8,695	168,321	269,668	(101,347)
Total expenditures	21,756,574		21,756,574	22,960,222	(1,203,648)
Excess (deficiency) of revenues over (under) expenditures	(540,108)		(540,108)	(215,433)	324,675

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other financing sources (uses):					
Transfer to food service	(85,000)		(85,000)	(85,000)	
Capital leases (non-budgeted)				105,000	(105,000)
Total other financing sources (uses)	(85,000)		(85,000)	20,000	(105,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(625,108)		625,108	(195,433)	219,675
Fund balances - July 1	1,633,988		1,633,988	1,633,988	
Fund balances - June 30	1,008,879		2,259,096	1,438,555	219,675

Recapitulation:

Reserve for encumbrances	50,862
Reserve for excess surplus - designated for subsequent year's expenditures	148,075
Maintenance reserve	570,220
Capital Reserve	40,513
Designated for Subsequent Year's Expenditures	151,925
Unrestricted Fund Balance	476,960
	1,438,555
Reconciliation to Governmental Fund Statements (G.A.A.P.)	
Last State Aid Payment not recognized on G.A.A.P. Basis	(1,038,742)
Fund Balance per Governmental Funds (G.A.A.P.)	399,813

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
American Recovery and Reinvestment Act
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources					
Equalization stabilization fund		1,423,716	1,423,716	1,423,716	
Government services recovery act		55,114	55,114	55,114	
Total Revenues		1,478,830	1,478,830	1,478,830	
EXPENDITURES:					
Equalization stabilization fund:					
Salaries of teachers					
Grades 6-8		464,196	464,196	464,196	
Grades 9-12		959,520	959,520	959,520	
Total equalization stabilization fund		1,423,716	1,423,716	1,423,716	
Government services recovery act					
Salaries of teachers					
Grades 1-5		55,114	55,114	55,114	
Total government services recovery act		55,114	55,114	55,114	
Total American recovery and reinvestment act		1,478,830	1,478,830	1,478,830	

EXHIBIT C-2

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	538,712	386,188	924,900	783,936	140,964
Total Revenues	538,712	386,188	924,900	783,936	140,964
EXPENDITURES:					
Instruction:					
Salaries of teachers	147,972	94,605	242,577	185,885	56,692
Purchased professional technical services		30,141	30,141	30,141	
Purchased professional - educational services		50	50	50	
Other purchased services (400-500 series)	3,977	(134)	3,843	3,843	
Tuition	386,763	(2,514)	384,249	384,249	
General Supplies		168,918	168,918	122,969	45,949
Total Instruction	538,712	291,066	829,778	727,137	102,641
Support Services:					
Salaries of supervisors of instruction		13,525	13,525	11,025	2,500
Personal Services - Employee Benefits		55,486	55,486	31,663	23,823
Purchased professional technical services		24,386	24,386	12,386	12,000
Other purchased services (400-500 series)		1,725	1,725	1,725	
Total Support Services		95,122	95,122	56,799	38,323
Total Expenditures	538,712	386,188	924,900	783,936	140,964

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-3

BOROUGH OF PITMAN SCHOOL DISTRICT
Required Supplementary Information
Budget-to-G.A.A.P. Reconciliation
Note to RSI
For the Fiscal Year Ended June 30, 2010

Note A: Explanation of Differences between Budgetary Inflows and Outflows and G.A.A.P. Revenues and Expenditures.		General Fund		Special Revenue Fund
Sources/inflows of resources:				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	[C-1]	22,744,789	[C-2]	783,936
Difference - budget to G.A.A.P.				
Grant accounting budgetary basis differs from G.A.A.P. in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
State aid payment recognized for budgetary purposes, not recognized for G.A.A.P. statements.		(1,038,742)		
State aid payment recognized for G.A.A.P. statements in the current year, previously recognized for budgetary purposes.		945,641		
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	[B-2]	22,651,688	[B-2]	783,936
Uses/outflows of resources:				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	[C-1]	22,960,222	[C-2]	783,936
Difference - budget to G.A.A.P.				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.				
Total expenditures as reported on the Statement of Revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	22,960,222	[B-2]	783,936

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

EXHIBIT E-1

BOROUGH OF PITMAN SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	Total Brought Forward Ex. E-1a	Title I Part A	Title I Part A 2008-2009	I.D.E.A.-Part B - Basic	ARRA I.D.E.A. Preschool	I.D.E.A. Preschool	Totals FY 2010	Totals FY 2009
REVENUES:								
Federal sources	298,434	91,064	1,078	369,971	9,111	14,278	783,936	541,761
State sources								2,000
Total revenues	298,434	91,064	1,078	369,971	9,111	14,278	783,936	543,761
EXPENDITURES:								
Instruction:								
Salaries of teachers	117,338	67,469	1,078				185,885	110,358
Purchased professional technical services	30,141						30,141	10,100
Purchased professional educational services	50						50	420
Other purchased services (400-500 series)	3,542	301					3,843	3,242
Tuition				369,971		14,278	384,249	386,763
General supplies	113,858				9,111		122,969	88
Total instruction	264,929	67,770	1,078	369,971	9,111	14,278	727,137	510,971
Support services:								
Salaries of supervisors of instruction	11,025						11,025	5,200
Personal services - employee benefits	18,169	13,494					31,663	27,590
Purchased professional - technical services	2,586	9,800					12,386	
Other purchased services (400-500 series)	1,725						1,725	
Total support services	33,505	23,294					56,799	32,790
Total expenditures	298,434	91,064	1,078	369,971	9,111	14,278	783,936	543,761

EXHIBIT E-1(a)
(Continued)

BOROUGH OF PITMAN SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	ARRA I.D.E.A.-Part B - Basic	Title II, Part A Teacher & Principal Training & Recruiting	Title II, Part D Enhancing Education through Technology	Title II, Part D Enhancing Education through Technology 2008-2009	ARRA Title I Part A	Title IV Safe and Drug Free Communities	Title IV Safe and Drug Free Communities 2008-2009	Total Carried Forward
REVENUES:								
Federal sources	194,206	65,566	926	50	29,669	3,192	4,825	298,434
Total revenues	194,206	65,566	926	50	29,669	3,192	4,825	298,434
EXPENDITURES:								
Instruction:								
Salaries of teachers	46,086	48,458			22,794			117,338
Purchased professional technical services	29,215		926					30,141
Purchased professional educational services				50				50
Other purchased services (400-500 series)		350				3,192		3,542
General supplies	112,172				1,686			113,858
Total instruction	187,473	48,808	926	50	24,480	3,192		264,929
Support services:								
Salaries of supervisors of instruction		6,200					4,825	11,025
Personal services - employee benefits	6,733	9,692			1,744			18,169
Purchased professional - technical services		866			1,720			2,586
Other purchased services (400-500 series)					1,725			1,725
Total support services	6,733	16,758			5,189		4,825	33,505
Total expenditures	194,206	65,566	926	50	29,669	3,192	4,825	298,434

CAPITAL PROJECTS FUND

EXHIBIT F-1

BOROUGH OF PITMAN SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
June 30, 2010

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 6/30/10
			Prior Years	Current Year	
School Renovations	06/09/05	4,229,000	4,141,449	87,551	
Installing Solar Panels at Pitman High School and other energy related improvements	08/19/09	2,095,000		1,444,168	650,832
		6,324,000	4,141,449	1,531,719	650,832

EXHIBIT F-2

BOROUGH OF PITMAN SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, 2010

Revenues and Other Financing Sources	
Bond Proceeds	2,095,000
Interest earned	2,682
Total revenues	2,097,682
Expenditures and Other Financing Uses	
Purchased professional & technical services	128,673
Construction services	1,315,495
Transfer to debt service fund	90,233
Total expenditures	1,534,401
Excess (deficiency) or revenues over (under) expenditures	563,281
Fund balance - beginning	87,551
Fund balance - ending	650,832

EXHIBIT F-2a

BOROUGH OF PITMAN SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
School Building Renovations
From Inception and for the Fiscal Year Ended June 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues & Other Financing Sources				
Bond Proceeds	4,229,000		4,229,000	4,229,000
	4,229,000		4,229,000	4,229,000
Expenditures & Other Financing Uses				
Purchased professional & technical services	281,240		281,240	281,240
Construction services	3,860,209		3,860,209	3,860,209
Transfer to debt service fund		87,551	87,551	87,551
	4,141,449	87,551	4,229,000	4,229,000
Excess (deficiency) or revenues over (under) expenditures	87,551	(87,551)		

Additional project information:	
Project Number	4140-080-05-1000
Grant Date	06/09/05
Bond Authorization date	09/27/05
Bonds Authorized	4,229,741
Bonds Issued	4,229,000
Original Authorized Cost	4,229,000
Additional Authorized Cost	None
Revised Authorized Cost	4,229,000
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100%
Original target completion date	8/25/2006
Revised target completion date	Completed

EXHIBIT F-2b

BOROUGH OF PITMAN SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Installing Solar Panels at Pitman High School and other energy related improvements
From Inception and for the Fiscal Year Ended June 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues & Other Financing Sources				
Bond Proceeds		2,095,000	2,095,000	2,095,000
Total revenues		2,095,000	2,095,000	2,095,000
Expenditures & Other Financing Uses				
Purchased professional & technical services		128,673	128,673	500,000
Construction services		1,315,495	1,315,495	1,595,000
Total expenditures		1,444,168	1,444,168	2,095,000
Excess (deficiency) or revenues over (under) expenditures		650,832	650,832	

Additional project information:	
Project Number	4140-080-05-1000
Grant Date	
Bond Authorization date	08/19/09
Bonds Authorized	2,095,000
Bonds Issued	2,095,000
Original Authorized Cost	2,095,000
Additional Authorized Cost	None
Revised Authorized Cost	2,095,000
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	99%
Original target completion date	June-10
Revised target completion date	June-10

PROPRIETARY FUNDS

EXHIBIT G-1

BOROUGH OF PITMAN SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Net Assets
For the Fiscal Year Ended June 30, 2010

	Business-type Activities			Totals	
	Food Service Fund	Before/After School	Preschool	FY 2010	FY 2009
ASSETS:					
Current assets:					
Cash and cash equivalents	11,114	120,272	17,681	149,067	101,458
Accounts Receivable:					
Federal	9,782			9,782	16,618
State	578			578	1,110
Other	172	2,114	2,140	4,426	2,979
Inventory	5,842			5,842	4,046
Total assets	27,488	122,386	19,821	169,695	126,211
NON-CURRENT ASSETS					
Furniture, machinery & equipment	177,993			177,993	177,993
Less: accumulated depreciation	(138,289)			(138,289)	(131,884)
Total noncurrent assets	39,704			39,704	46,109
Total assets	67,192	122,386	19,821	209,399	172,320
LIABILITIES AND FUND EQUITY:					
Current liabilities:					
Cash overdraft					9,192
Accounts payable					2,479
Deferred revenue	1,959	9,921	1,000	12,880	16,633
Compensated absences	9,683			9,683	7,046
Total current liabilities	11,642	9,921	1,000	22,563	35,350
Fund equity:					
Invested in capital assets, net of related debt	39,704			39,704	46,109
Unrestricted	15,846	112,465	18,821	147,132	90,861
Total net assets	55,550	112,465	18,821	186,836	136,970

EXHIBIT G-2

BOROUGH OF PITMAN SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2010

	Business-type Activities			Totals	
	Food Service Fund	Before/After School	Preschool	FY 2010	FY 2009
OPERATING REVENUES:					
Local sources:					
Daily sales-reimbursable programs:	152,506			152,506	161,809
Daily sales milk program	2,914			2,914	3,501
Daily sales non-reimbursable programs	115,993			115,993	118,352
Special function/miscellaneous	955	24		979	1,362
Tuition		263,846	126,639	390,485	387,473
Total operating revenue	272,368	263,870	126,639	662,877	672,497
OPERATING EXPENSES:					
Salaries	201,442	192,794	115,845	510,081	478,511
Employee benefits	47,415	16,370	5,019	68,804	69,899
Supplies and materials	11,364	15,522		26,886	64,182
Other purchased services (400-500 series)	6,415	688		7,103	5,077
Cost of sales	206,240			206,240	201,219
Depreciation	6,405			6,405	6,991
Equipment	570			570	
Miscellaneous other expenses	683	2,371		3,054	5,310
Total operating expenses	480,534	227,745	120,864	829,143	831,189
Operating income (loss)	(208,166)	36,125	5,775	(166,266)	(158,692)
NON-OPERATING REVENUES:					
State sources:					
National School Lunch Program - State	5,868			5,868	5,445
School Breakfast Program	240			240	204
Federal sources:					
National School Lunch Program	96,841			96,841	79,116
School Breakfast Program	3,890			3,890	2,696
Special Milk Program	1,702			1,702	1,983
Food Distribution Program	22,591			22,591	16,942
Total non-operating revenues (expenses)	131,132			131,132	106,386
Income (Loss) before contributions	(77,034)	36,125	5,775	(35,134)	(52,306)
Transfers from General Fund	85,000			85,000	90,000
Net income (loss)	7,966	36,125	5,775	49,866	37,694
Total Net Assets - July 1	47,584	76,340	13,046	136,970	99,276
Total Net Assets - June 30	55,550	112,465	18,821	186,836	136,970

EXHIBIT G-3

BOROUGH OF PITMAN SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2010

	Business-type Activities			Totals	
	Food Service Fund	Before/After School	Preschool	FY 2010	FY 2009
Cash flows from operating activities:					
Receipts from customers	272,254	261,355	123,749	657,358	677,006
Payments to suppliers	(206,637)	(18,581)		(225,218)	(258,255)
Payments to employees	(198,992)	(192,794)	(115,845)	(507,631)	(485,848)
Payments for employee benefits	(47,228)	(16,370)	(5,019)	(68,617)	(68,147)
Net cash provided (used) by operating activities	(180,603)	33,610	2,885	(144,108)	(135,244)
Cash flows from non-capital financing activities:					
Cash received from state & federal reimbursements	115,909			115,909	86,165
Net cash provided by non-capital financing activities	115,909			115,909	86,165
Cash flows from investing activities:					
Payments to General Fund					(27,889)
Payments from General Fund	85,000			85,000	90,000
Net cash provided by investing activities	85,000			85,000	62,111
Net increase in cash and cash equivalents	20,306	33,610	2,885	56,801	13,032
Cash and cash equivalents - July 1	(9,192)	86,662	14,796	92,266	79,234
Cash and cash equivalents - June 30	11,114	120,272	17,681	149,067	92,266
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	(208,166)	36,125	5,775	(166,266)	(158,692)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:					
Depreciation	6,405			6,405	6,991
Food Distribution Program	22,591			22,591	16,942
Change in assets and liabilities:					
(Increase) decrease in accts. receivable	(115)	348	(1,680)	(1,447)	(786)
(Increase) decrease in inventory	(1,796)			(1,796)	580
Increase (decrease) in accounts payable	(2,479)			(2,479)	2,323
Increase (decrease) in compensated absences	2,637			2,637	(7,898)
Increase (decrease) in deferred revenue	320	(2,863)	(1,210)	(3,753)	5,296
	(180,603)	33,610	2,885	(144,108)	(135,244)

EXHIBIT G-4

BOROUGH OF PITMAN SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Net Assets
For the Fiscal Year Ended June 30, 2010

	Business Services	Totals	
		FY 2010	FY 2009
ASSETS:			
Current assets:			
Cash and cash equivalents	38,695	38,695	38,695
Total assets	38,695	38,695	38,695
LIABILITIES AND FUND EQUITY:			
Net assets			
Unrestricted	38,695	38,695	38,695
Total net assets	38,695	38,695	38,695

EXHIBIT G-5

BOROUGH OF PITMAN SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2010

Total Net Assets - July 1	38,695
Total Net Assets - June 30	38,695

EXHIBIT G-6

BOROUGH OF PITMAN SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2010

Cash and cash equivalents - July 1	38,695
Cash and cash equivalents - June 30	38,695

FIDUCIARY FUNDS

EXHIBIT H-1

BOROUGH OF PITMAN SCHOOL DISTRICT
Combining Statement of Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2010

	Unemployment Trust Fund	Agency Funds	Totals FY 2010	Totals FY 2009
ASSETS:				
Cash and cash equivalents	61,115	155,431	216,546	294,291
Total assets	61,115	155,431	216,546	294,291
LIABILITIES:				
Payroll deductions and withholdings		62,022	62,022	170
Due to student groups		93,409	93,409	90,497
Interfund payables:				
General Fund				122,550
Total liabilities		155,431	155,431	213,217
NET ASSETS:				
Unreserved	61,115		61,115	81,074
Total net assets	61,115		61,115	81,074

EXHIBIT H-2

BOROUGH OF PITMAN SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2010

	Unemployment Trust Fund	Totals FY 2010	Totals FY 2009
ADDITIONS:			
Contributions:			
Plan members	32,094	32,094	32,797
Total contributions	32,094	32,094	32,797
Investment earnings:			
Interest	216	216	611
Total investment earnings	216	216	611
Total additions	32,310	32,310	33,408
DEDUCTIONS:			
Unemployment claims	52,269	52,269	21,345
Change in Net Assets	(19,959)	(19,959)	12,063
Net Assets - Beginning of year	81,074	81,074	69,011
Net Assets - End of year	61,115	61,115	81,074

EXHIBIT H-3

BOROUGH OF PITMAN SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2010

	Balance July 1, 2009	Cash Receipts	Cash Disbursements	Balance June 30, 2010
Elementary:				
Kindle	2,768	11,353	11,111	3,010
Walls	648	19,404	16,801	3,251
Memorial	3,926	13,378	9,894	7,410
	7,342	44,135	37,806	13,671
Middle School	14,795	44,444	40,150	19,089
High School	62,198	180,514	179,344	63,368
District-wide	6,162	22,629	31,510	(2,719)
	90,497	291,722	288,810	93,409

EXHIBIT H-4

BOROUGH OF PITMAN SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2010

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
ASSETS:				
Cash and cash equivalents	122,720	16,149,101	16,209,799	62,022
Total assets	122,720	16,149,101	16,209,799	62,022
LIABILITIES:				
Employees' net pay		8,937,132	8,937,132	
Payroll deductions and withholdings	170	7,208,076	7,146,224	62,022
Interfund payable	122,550	3,893	126,443	
Total liabilities	122,720	16,149,101	16,209,799	62,022

LONG-TERM DEBT

EXHIBIT I-1

BOROUGH OF PITMAN SCHOOL DISTRICT
General Long-Term Debt Account Group
Schedule of Serial Bonds
June 30, 2010

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2009	Issued	Retired	Balance June 30, 2010
Refunding Bonds of 2005	06/01/05	6,185,000	04/01/10	570,000	3.50%				
			04/01/11	585,000	3.50%				
			04/01/12	615,000	4.00%				
			04/01/13	650,000	4.00%				
			04/01/14	655,000	5.00%				
			04/01/15	660,000	5.00%				
			04/01/16	660,000	4.00%				
			04/01/17	655,000	4.00%				
			04/01/18	625,000	4.00%	5,675,000		570,000	5,105,000
School Bonds	01/11/06	4,229,000	08/01/09	10,000	3.65%				
			08/01/10	10,000	3.65%				
			08/01/11	10,000	3.65%				
			08/01/12	10,000	3.65%				
			08/01/13	10,000	3.65%				
			08/01/14	10,000	3.65%				
			08/01/15	30,000	3.65%				
			08/01/16	45,000	3.65%				
			08/01/17	65,000	3.65%				
			08/01/18	435,000	4.00%				
			08/01/19	455,000	4.00%				
			08/01/20	470,000	4.00%				
			08/01/21	490,000	4.00%				
			08/01/22	510,000	4.05%				
			08/01/23	535,000	4.05%				
			08/01/24	555,000	4.05%				
			08/01/25	579,000	4.05%	4,229,000		10,000	4,219,000

EXHIBIT I-1
(Continued)

BOROUGH OF PITMAN SCHOOL DISTRICT
General Long-Term Debt Account Group
Schedule of Serial Bonds
June 30, 2010

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2009	Issued	Retired	Balance June 30, 2010
School Bonds	12/16/2009	2,095,000.00	03/01/11	100,000.00	2.000%				
			03/01/12	105,000.00	2.000%				
			03/01/13	110,000.00	2.000%				
			03/01/14	115,000.00	2.000%				
			03/01/15	120,000.00	2.000%				
			03/01/16	125,000.00	3.000%				
			03/01/17	130,000.00	3.000%				
			03/01/18	140,000.00	3.000%				
			03/01/19	145,000.00	3.000%				
			03/01/20	150,000.00	3.350%				
			03/01/21	155,000.00	3.500%				
			03/01/22	165,000.00	4.000%				
			03/01/23	170,000.00	4.000%				
			03/01/24	180,000.00	4.000%				
			03/01/25	185,000.00	4.000%		2,095,000		2,095,000
						9,904,000	2,095,000	580,000	11,419,000

EXHIBIT I-2

BOROUGH OF PITMAN SCHOOL DISTRICT
Schedule of Obligations Under Capital Leases
Debt Service Fund
For the Fiscal Year Ended June 30, 2010

Purpose	Date of Lease	Term of Lease	Amount of Original Issue Principal	Amount of Original Issue Interest	Interest Rate	Amount Outstanding June 30, 2009	Issued	Retired	Amount Outstanding June 30, 2010
2006 Equipment and Cargo Van	10/19/05	5 years	23,190	2,778	6.00%	4,900		4,900	
Print Shop Equipment	12/01/06	3 years	100,000	2,757	4.79%	11,765		5,745	6,020
2007 Computers	09/09/07	3 years	28,787	4,190	4.25%	33,314		33,314	
Lighting Retrofit	10/31/08	3 years	102,616	3,670	3.65%	67,177		32,986	34,191
2008 Computers	09/03/08	3 years	100,000	3,606	3.65%	65,465		32,146	33,319
2009 Computers	10/01/09	3 years	105,000	4,404	3.65%		105,000	35,872	69,128
						182,621	105,000	144,963	142,658

EXHIBIT I-3

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local sources:					
Local tax levy	422,193		422,193	422,193	
State sources:					
Debt service aid type II	473,998		473,998	473,998	
Total revenues	896,191		896,191	896,191	
EXPENDITURES:					
Regular debt service:					
Interest	403,742		403,742	403,742	
Redemption of principal	580,000		580,000	580,000	
Total regular debt service	983,742		983,742	983,742	
Total expenditures	983,742		983,742	983,742	
Excess (deficiency) of revenues over (under) expenditures	(87,551)		(87,551)	(87,551)	
Other financing sources (uses)					
Transfer from capital projects:					
Unexpended bond referendum				87,551	
Interest earned				2,682	
	(87,551)		(87,551)	2,682	
Fund balance - July 1	6,261		6,261	6,261	
Fund balance - June 30	(81,290)		(81,290)	8,943	

Recapitulation of excess of revenues over expenditures:

Budgeted fund balance	6,261

STATISTICAL SECTION
(UNAUDITED)

BOROUGH OF PITMAN
STATISTICAL SECTION

Contents Page

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time. 105-110

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax. 111-114

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future. 115-118

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. 119-120

Operating Information

These schedules contain service and infrasture data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs. 121-125

EXHIBIT J-1

BOROUGH OF PITMAN SCHOOL DISTRICT
Net Assets By Component
Last Seven Fiscal Years
Fiscal Year Ending June 30, 2010
Unaudited

	2004	2005	2006	2007	2008	2009	2010
Governmental activities							
Invested in capital assets, net of related debt	579,885	1,171,112	1,972,349	1,583,445	1,711,957	1,292,415	728,731
Restricted	423,136	169,792	2,507,119	1,048,991	1,483,397	1,221,806	1,570,508
Unrestricted	(260,409)	(692,191)	(3,483,001)	(769,877)	(989,351)	(1,323,226)	(1,374,651)
Total governmental activities net assets	742,612	648,713	996,467	1,862,558	2,206,002	1,190,995	924,588
Business-type activities							
Invested in capital assets, net of related debt	48,177	42,524	40,037	40,752	53,101	46,109	39,704
Unrestricted	(10,983)	(22,489)	(1,759)	84,323	67,713	90,861	147,132
Total business-type activities net assets	37,194	20,036	38,278	125,076	120,814	136,970	186,836
District-wide							
Invested in capital assets, net of related debt	628,063	1,213,637	2,012,386	1,624,197	1,765,058	1,338,524	768,435
Restricted	423,136	169,792	2,507,119	1,048,991	1,483,397	1,221,806	1,570,508
Unrestricted	(271,392)	(714,680)	(3,484,760)	(685,554)	(921,638)	(1,232,365)	(1,227,519)
	779,806	668,749	1,034,745	1,987,634	2,326,817	1,327,965	1,111,424

EXHIBIT J-2

BOROUGH OF PITMAN SCHOOL DISTRICT
Changes In Net Assets
Last Seven Fiscal Years
For the Fiscal Year Ended June 30, 2010
Unaudited

	2004	2005	2006	2007	2008	2009	2010
Expenses							
Governmental activities							
Instruction							
Regular	7,062,083	7,426,387	8,597,502	8,606,958	8,501,777	7,015,470	7,171,531
Special education	1,684,072	1,783,782	2,359,293	2,369,447	2,717,915	2,689,344	2,980,476
Other special education	211,033	194,638	190,449	186,454	251,314	301,076	349,147
Other instruction	544,413	557,682	521,940	536,472	597,451	558,183	547,663
Support Services							
Tuition	557,082	607,042	734,728	746,314	787,556	984,272	1,039,671
Student instruction and related services	2,031,632	2,198,112	2,768,856	2,652,756	2,710,522	2,437,554	2,582,864
General administration & central services	681,113	722,422	844,087	794,717	757,769	850,992	613,345
School administrative services	1,058,879	1,075,434	1,309,698	1,295,775	1,383,220	1,124,103	1,032,468
Plant operations and maintenance & grounds	1,568,675	1,568,813	1,884,107	2,101,508	2,356,830	2,083,627	1,710,533
Pupil transportation	297,966	279,900	316,904	308,470	299,661	384,427	424,838
Employee benefits	4,232,896	4,526,050	1,763,654	2,626,831	2,595,796	4,565,166	5,037,668
Interest on long-term debt	424,345	415,697	331,084	468,447	446,419	426,657	439,885
Capital outlay						203,837	105,000
Unallocated depreciation	314,303	315,109	314,209	398,195	506,410	490,540	480,815
Total governmental activities expenses	20,668,493	21,671,068	21,936,511	23,092,342	23,912,640	24,115,248	24,515,904
Business-type activities:							
Food service	417,070	446,461	465,595	465,551	456,014	461,529	480,534
Before/After School			85,104	132,273	250,152	252,362	227,745
Preschool			56,306	81,566	115,668	117,298	120,864
Purchased Business Services					12,380		
Total Business-Type Activities expense	417,070	446,461	607,005	679,391	834,215	831,189	829,143
Total District expenses	21,085,563	22,117,528	22,543,517	23,771,733	24,746,855	24,946,437	25,345,047
Program revenues							
Governmental activities							
Charges for services:							
Central services					33,500	49,955	
Operating grants and contributions	1,422,410	1,533,271	1,763,654	2,626,831	2,595,796	546,708	783,936
Total governmental activities program revenues	1,422,410	1,533,271	1,763,654	2,626,831	2,629,296	596,663	783,936
Business-type activities:							
Charges for services:							
Food service	251,428	249,114	252,000	271,738	276,882	285,024	272,368
Before/After School			103,173	196,436	224,854	271,769	263,870
Preschool			59,540	93,055	115,585	115,704	126,639
Operating grants and contributions	84,531	80,188	86,534	81,278	94,895	106,386	131,132
Total business-type activities program revenues	335,959	329,302	501,247	642,507	712,216	778,883	794,009
Total District program revenue	1,758,370	1,862,573	2,264,901	3,269,338	3,341,512	1,375,546	1,577,945
Net (expense) revenue							
Governmental activities	(19,246,082)	(20,137,797)	(20,172,858)	(20,465,512)	(21,283,344)	(23,518,585)	(23,731,968)
Business-type activities	(81,111)	(117,159)	(105,758)	(36,883)	(121,999)	(52,306)	(35,134)
Total District-wide net expense	(19,327,193)	(20,254,956)	(20,278,616)	(20,502,395)	(21,405,343)	(23,570,891)	(23,767,102)

EXHIBIT J-2
(Continued)

BOROUGH OF PITMAN SCHOOL DISTRICT
Changes In Net Assets
Last Seven Fiscal Years
For the Fiscal Year Ended June 30, 2010
Unaudited

	2004	2005	2006	2007	2008	2009	2010
General revenues and other changes in net assets							
Governmental activities							
Property taxes levied for government purposes	8,537,786	8,378,265	9,032,459	10,004,998	10,223,501	10,474,358	10,893,332
Taxes levied for debt service	507,175	504,997	499,039	473,014	395,812	392,273	422,193
Grants and contributions	10,527,537	11,069,727	10,850,158	10,678,122	10,893,729	11,558,592	12,005,361
Tuition Received	83,263	95,690	66,160	91,133	85,599	98,909	160,171
Investment earnings	19,781	34,363	139,557	159,868	97,326	27,269	11,391
Miscellaneous income	50,879	32,844	49,702	48,149	48,558	21,057	58,113
Transfers	(80,000)	(100,000)	(124,000)	(123,681)	(84,238)	(90,000)	(85,000)
Total governmental activities	19,646,421	20,015,886	20,513,076	21,331,603	21,660,287	22,482,458	23,465,561
Business-type activities							
Transfers	80,000	100,000	124,000	123,681	84,238	90,000	85,000
Total business-type activities	80,000	100,000	124,000	123,681	84,238	90,000	85,000
Total District-wide	19,726,421	20,115,886	20,637,076	21,455,284	21,744,525	22,572,458	23,550,561
Change in net assets							
Governmental activities	400,339	(121,911)	340,218	866,091	376,943	(1,036,127)	(266,407)
Business-type activities	(1,111)	(17,159)	18,242	86,797	(37,761)	37,694	49,866
Total District	399,228	(139,070)	358,460	952,888	339,182	(998,433)	(216,541)

EXHIBIT J-3

BOROUGH OF PITMAN SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Seven Fiscal Years
For the Fiscal Year Ended June 30, 2010
Unaudited

	2004	2005	2006	2007	2008	2009	2010
General Fund							
Reserved	423,136	169,792	237,071	936,059	1,483,397	1,127,994	961,595
Unreserved	485,376	85,096	(53,422)	124,869	(51,354)	(439,647)	(561,782)
Total General Fund	908,512	254,888	183,649	1,060,928	1,432,042	688,347	399,813
All other governmental funds							
Reserved				112,931			
Unreserved, reported in:							
Special Revenue Fund	(2,947)	(2,947)	(2,947)	(2,947)	(2,947)		
Capital Projects Fund			2,536,549		87,551	87,551	650,832
Debt Service Fund	1	4,198	83,338	126,217	52,481	6,261	8,943
Total all other governmental funds	(2,946)	1,251	2,616,940	236,201	137,085	93,812	659,775

EXHIBIT J-4

BOROUGH OF PITMAN SCHOOL DISTRICT
Changes in Fund Balance, Governmental Funds
Last Ten Fiscal Years
Unaudited

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Tax Levy	7,248,506	7,434,066	8,461,158	9,044,961	8,883,262	9,531,498	10,478,012	10,619,313	10,866,631	11,315,525
Tuition charges	92,574	101,611	107,916	83,263	95,690	66,160	91,133	85,599	98,909	160,171
Interest earnings	112,071	37,021	26,489	19,781	35,141	68,737	112,793	91,921	27,269	11,391
Miscellaneous	28,103	85,967	39,538	50,879	32,065	120,522	95,224	53,963	21,057	58,113
State sources	10,043,203	9,962,649	10,518,078	11,293,204	11,868,276	11,937,204	12,276,179	12,945,500	11,560,887	10,499,202
Federal sources	480,951	673,361	588,660	656,743	734,721	676,608	1,028,773	544,025	544,413	2,290,095
Total revenue	18,005,408	18,294,675	19,741,839	21,148,832	21,649,155	22,400,730	24,082,114	24,340,321	23,119,166	24,334,497
Expenditures										
Instruction:										
Regular	6,089,254	6,247,106	6,267,353	6,263,283	6,617,262	6,489,529	6,564,888	6,623,399	7,007,608	6,954,855
Special	1,833,001	1,977,221	2,172,371	2,259,190	2,403,498	2,436,026	2,498,517	2,701,016	2,673,045	2,978,305
Other special			166,128	211,033	194,638	190,449	186,454	209,966	300,243	356,549
Other	569,359	519,297	392,681	541,248	553,115	467,047	500,900	533,613	553,615	543,964
Support Services:										
Tuition	598,135	693,362	548,618	557,082	607,042	734,728	746,314	787,556	934,652	1,039,671
Student & inst. related services	1,662,847	1,836,108	1,879,252	2,009,172	2,177,572	2,198,099	2,190,628	2,333,126	2,421,416	2,523,983
General administration	364,383	374,972	374,996	1,058,379	1,074,934	1,068,349	400,243	412,661	402,334	415,723
School administrative services	970,469	1,001,280	1,162,832	802,026	681,071	701,585	1,050,803	1,099,471	1,104,078	1,134,481
Central services							284,717	306,444	334,668	295,152
Plant operations and maintenance	1,262,178	1,354,375	1,484,544	1,555,104	1,558,053	1,582,542	1,779,069	2,009,566	2,083,627	1,672,971
Grounds										72,793
Pupil transportation	331,412	300,072	358,098	297,966	279,900	316,904	308,470	299,661	376,355	424,838
Business & other support services	268,070	280,654	310,078							
Employee Benefits	2,786,782	2,856,565	3,480,956	4,232,896	4,526,050	5,003,638	5,437,046	5,543,213	4,563,111	5,061,205
Capital outlay	416,969	265,314	328,929	249,701	686,713	1,953,619	2,721,722	307,620	415,023	1,713,836
Debt service:										
Principal	480,000	490,000	515,000	540,000	565,000	664,000	450,000	475,000	430,000	580,000
Interest and other charges	506,076	480,026	453,496	425,766	396,621	285,490	470,910	441,775	418,975	403,742
Total Expenditures	18,138,935	18,676,352	19,895,332	21,002,846	22,321,468	24,092,005	25,590,681	24,084,085	24,018,750	26,172,068
Excess (Deficiency of revenues over (under) expenditures	(133,527)	(381,677)	(153,493)	145,986	(672,313)	(1,691,275)	(1,508,567)	256,235	(899,584)	(1,837,571)
Other financing sources (uses)										
Proceeds from bonds					6,185,000	4,229,000				2,095,000
Capital leases (non-budgeted)	121,028	104,000	145,555	100,000	100,000	123,190	128,787	100,000	202,616	105,000
Premium on Refunding Bonds Issued					204,896					
Accrued Interest on Bonds Issued					4,197	7,536				
Bond Issuance Costs on Refunding					(88,910)					
Payments to escrow agent					(6,282,297)					
Transfers out (food service)	(70,000)	(80,000)	(67,757)	(80,000)	(100,000)	(124,000)	(123,681)	(84,238)	(90,000)	(85,000)
Transfers in	12,337	170								
Total other financing sources (uses)	63,365	24,170	77,798	20,000	22,886	4,235,726	5,106	15,762	112,616	2,115,000
Net change in fund balance	(70,162)	(357,507)	(75,695)	165,986	(649,426)	2,544,450	(1,503,461)	271,997	(786,968)	277,429
Debt service as a percentage of noncapital expenditures	5.56%	5.27%	4.95%	4.65%	4.44%	4.29%	4.03%	3.86%	3.60%	4.02%

Source: District records.

EXHIBIT J-5

BOROUGH OF PITMAN SCHOOL DISTRICT
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited

Fiscal year ended June 30	Prior year refunds	Gate Receipts	Rentals	Sales & Rebates	Miscellaneous	Annual Totals
2001		10,605	10,150	5,534	1,814	28,103
2002		10,975	24,975	49,636	381	85,967
2003		16,289	21,327	1,594	327	39,537
2004		12,739	34,647	645	2,848	50,879
2005		15,422	9,825	2,579	5,018	32,844
2006		16,759	19,985	5,268	7,690	49,702
2007		17,491	3,213	1,094	26,352	48,150
2008		11,802	18,567	-	2,089	32,458
2009		15,407	3,662		1,988	21,057
2010	9,018	15,293	25,225		8,577	58,113
	9,018	142,782	171,576	66,350	57,084	446,810

Source: District records.

EXHIBIT J-6

BOROUGH OF PITMAN SCHOOL DISTRICT
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Fiscal year ended June 30	Vacant Land	Residential	Farm Reg.	Q Farm	Commercial	Industrial	Apartment	Total Assessed Value	** Less: Tax Exempt Prop.	Public Utility	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate
2001	1,902,200	315,053,900	314,400	29,000	25,286,900	22,074,500	8,501,800	373,162,700	197,600	719,292	373,881,992	398,366,576	1.966
2002	1,712,800	316,707,900	314,400	29,000	25,171,400	22,074,500	8,501,800	374,511,800	169,300	657,096	375,168,896	412,108,867	2.117
2003	1,656,000	317,961,000	314,400	29,000	25,227,200	22,074,500	8,501,800	375,763,900	81,900	679,065	376,442,965	432,941,340	2.325
2004	1,622,800	319,421,700	314,400	29,000	25,168,400	22,074,500	8,501,800	377,132,600	19,500	610,996	377,743,596	453,662,921	2.373
2005	2,179,000	321,392,900	189,700	10,100	24,282,600	22,074,500	8,501,800	378,630,600	5,100	503,310	379,133,910	511,732,859	2.429
2006	2,126,200	323,131,100	189,700	10,100	24,314,500	22,074,500	8,501,800	380,347,900	22,500	397,696	380,745,596	584,187,789	2.628
2007	2,004,500	323,975,700	189,700	10,100	24,195,400	22,074,500	8,501,800	380,951,700	42,000	359,718	381,311,418	665,886,208	2.767
2008	1,920,000	325,903,100	189,700	10,100	24,051,100	22,074,500	8,165,500	382,314,000	42,000	343,357	382,657,357	736,767,130	2.808
2009	1,951,000	327,629,400	189,700	13,000	22,944,400	22,074,500	8,165,500	382,967,500		362,196	383,329,696	763,260,720	2.893
2010	1,867,500	328,242,800	189,700	13,000	22,736,700	22,074,500	8,165,500	383,289,700		366,154	383,655,854	749,180,506	3.049

Source: County Tax Assessor

(**) - Tax Exempt Property is not included in calculation.

EXHIBIT J-7

BOROUGH OF PITMAN SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Per $100 of Assessed Valuation
Last Ten Fiscal Years
Unaudited

	Borough of Pitman School District Direct Rate			Overlapping Rates		
Fiscal year ended June 30	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Borough of Pitman	Gloucester County	Total Direct & Overlapping Tax Rate
2001	1.828	0.138	1.966	0.743	0.708	3.417
2002	1.976	0.141	2.117	0.743	0.685	3.545
2003	2.185	0.140	2.325	0.771	0.717	3.813
2004	2.240	0.133	2.373	0.777	0.749	3.899
2005	2.291	0.138	2.429	0.842	0.866	4.137
2006	2.490	0.138	2.628	1.014	0.907	4.549
2007	2.642	0.125	2.767	1.132	0.963	4.862
2008	2.703	0.105	2.808	1.205	1.060	5.073
2009	2.789	0.104	2.893	1.240	1.015	5.148
2010	2.935	0.114	3.049	1.274	1.075	5.398

Source: Municipal Tax Collector

EXHIBIT J-8

BOROUGH OF PITMAN SCHOOL DISTRICT
Principal Property Taxpayers
Current and Nine Years Ago
Unaudited

	2010		2001	
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Valuation	Taxable Assessed Value	% of Total District Net Assessed Valuation
Sony Music	14,384,000	3.75%	18,000,000	4.81%
Lake Front LLC	2,372,400	0.62%	4,707,000	1.26%
Taxpayer #1	2,771,400	0.72%	2,771,400	0.74%
Ilene Flaum & Flaum Prop.	1,700,200	0.44%	1,700,200	0.45%
Lake Front LLC	1,509,300	0.39%		
Comet Tool Company	1,303,100	0.34%	1,303,100	0.35%
Commerce Bank			915,500	0.24%
LCR Leasing Corp.	876,000	0.23%	876,000	0.23%
Lake Front LLC	825,300	0.22%		
N.J. Bell Telephone			719,292	0.19%
Pitman Garden Apts.	650,100	0.17%	650,100	0.17%
Kandle Properties Inc.			490,000	0.13%
	26,391,800	6.88%	32,132,592	8.57%

Source: Municipal Tax Assessor.

EXHIBIT J-9

BOROUGH OF PITMAN 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		Collections in Subsequent Year
		Amount	Percent of Levy	
2001	7,047,224	7,047,224	100.00%	0
2002	7,248,506	7,248,506	100.00%	0
2003	7,434,066	7,434,066	100.00%	0
2004	8,461,158	8,461,158	100.00%	0
2005	9,044,961	9,044,961	100.00%	0
2006	8,883,262	8,883,262	100.00%	0
2007	9,531,498	9,531,498	100.00%	0
2008	10,478,012	10,478,012	100.00%	0
2009	10,619,313	10,619,313	100.00%	0
2010	11,315,525	11,315,525	100.00%	0

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

EXHIBIT J-10

BOROUGH OF PITMAN SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30	Governmental Activities				Business-type Activates			
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes	Capital Leases	Total District	Percentage of Personal Income	Per Capita
2001	9,674,000	-	96,369	-	-	9,770,369	3.50%	1,042
2002	9,184,000	-	160,887	-	-	9,344,887	3.28%	989
2003	8,669,000	-	207,091	-	-	8,876,091	3.05%	934
2004	8,129,000	-	205,506	-	-	8,334,506	2.73%	882
2005	7,694,000	-	141,649	-	-	7,835,649	2.47%	835
2006	11,259,000	-	138,671	-	-	11,397,671	3.40%	1,218
2007	10,809,000	-	135,116	-	-	10,944,116	3.14%	1,171
2008	10,334,000		125,349	-	-	10,459,349	2.90%	1,120
2009	9,904,000	-	182,621			10,086,621	*	*
2010	11,419,000	-	142,658	-	-	11,561,658	*	*

Source: District Records.

(*) - Not available

EXHIBIT J-11

BOROUGH OF PITMAN SCHOOL DISTRICT
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2000	9,674,000		9,674,000	2.59%	1,042
2001	9,184,000		9,184,000	2.45%	989
2002	8,669,000		8,669,000	2.31%	933
2003	8,129,000		8,129,000	2.16%	875
2004	7,694,000		7,694,000	2.03%	835
2005	11,259,000		11,259,000	2.96%	1,223
2006	10,809,000		10,809,000	2.84%	1,169
2007	10,334,000		10,334,000	2.70%	1,119
2008	9,904,000		9,904,000	2.59%	1,074
2009	11,419,000		11,419,000	2.98%	*

Source: District Records

(*) - Not available

EXHIBIT J-12

BOROUGH OF PITMAN SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2009
Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Borough of Pitman (1)	6,424,611	100.00%	6,424,611
County of Gloucester (2)	328,205,409	2.57%	8,434,879
Subtotal, overlapping debt			14,859,490
Borough of Pitman School District			11,419,000
Total direct and overlapping debt			26,278,490

Sources:

(1) Borough of Pitman annual debt statement

(2) Gloucester County - The County's debt was apportioned to the Borough of Pitman by dividing the Borough's 2009 taxable assessed property values by the total 2009 taxable assessed property values for Gloucester County, which results in an apportionment rate of 2.63%*.

* The source for this computation was the 2009 Abstract of Ratables.

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 business of Pitman. 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 the 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.

BOROUGH OF PITMAN SCHOOL DISTRICT
Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited

Year	Equalized Valuation Basis
2009	$743,626,214
2008	$757,057,426
2007	$729,513,022
	$2,230,196,662

Average equalized valuation of taxable property	743,398,887
Debt limit (4% of average equalized value)	29,735,955
Total net debt applicable to limit	11,419,000
Legal debt margin	18,316,955

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	15,363,572	15,798,883	16,376,754	17,083,022	18,406,564	20,408,350	23,243,325	26,229,636	28,626,818	29,735,955
Municipal borrowing capacity utilized										
Total net debt applicable to limit	9,674,000	9,184,000	8,669,000	8,129,000	7,694,000	11,259,000	10,809,000	10,334,000	9,904,000	11,419,000
Legal debt margin	5,689,572	6,614,883	7,707,754	8,954,022	10,712,564	9,149,350	12,434,325	15,895,636	18,722,818	18,316,955
Total net debt applicable to the limit as a percentage of debt limit	62.97%	58.13%	52.93%	47.59%	41.80%	55.17%	46.50%	39.40%	34.60%	38.40%

Source: Gloucester County Board of Taxation and District records.

EXHIBIT J-14

BOROUGH OF PITMAN SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2001	9,285	279,441,360	30,096	3.00%
2002	9,286	285,321,636	30,726	4.10%
2003	9,290	290,934,930	31,317	4.30%
2004	9,285	305,365,080	32,888	3.80%
2005	9,219	316,884,687	34,373	6.00%
2006	9,209	335,216,809	36,401	4.30%
2007	9,244	348,997,976	37,754	4.60%
2008	9,234	360,495,360	39,040	7.50%
2009	9,223	n/a	n/a	11.00%
2010	n/a	n/a	n/a	*

Source: Population information provided by the NJ Dept. of Labor and Workforce Development.
Personal income has been estimated based upon the municipal population and per capita personal income presented.
Per capita personal income by municipality estimated based upon the Census published by the U.S. Bureau of Economic Analysis.
Unemployment data provided by the NJ Dept. of Labor and Workforce Development.

EXHIBIT J-15

BOROUGH OF PITMAN SCHOOL DISTRICT
Principal Employers
Current and Nine Years Ago
Unaudited

	2010			2001		
Employer	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
Sony Bmg Music Entertainment	850	1	14.77%			
Pitman Board of Education	261	2	4.54%			
K-Tron America Inc.	198	3	3.44%			
United Methodist Homes	180	4	3.13%			
Borough of Pitman	100	5	1.74%			
Shared Systems Technology Inc.	80	6	1.39%			
J.G. Cook's Bar-Grill	50	7	0.87%			
	1,719		29.87%	N/A		N/A

Source: Gloucester County Office of Economic Development

N/A Information is not available.

EXHIBIT J-16

BOROUGH OF PITMAN SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years
Unaudited

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Instruction										
Regular	115.0	113.0	110.6	111.7	111.7	110.2	108.2	116.0	102.0	106.0
Special education	24.0	25.0	26.0	27.5	26.5	27.0	27.5	40.0	66.0	52.5
Support services:										
Student & instruction related services	15.0	16.0	16.0	23.0	18.0	24.4	26.4	29.5	45.5	31.9
School administrative services	21.8	22.7	22.7	22.8	21.9	21.4	21.4	25.0	19.0	17.0
Central services	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	4.0	8.5
Plants operations & maintenance	19.0	19.0	19.0	20.0	20.0	20.0	20.0	20.2	23.0	24.0
Other support services	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.7	3.0	3.0
Food service	12.5	12.5	12.5	13.0	13.5	13.5	13.5	13.5	8.0	7.0
Total	216.3	217.2	215.8	228.0	221.6	226.5	227	255	271	249.9

Source: District Personnel Records.

EXHIBIT J-17

BOROUGH OF PITMAN SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal year ended June 30	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio Elementary	Pupil/Teacher Ratio Middle School	Pupil/Teacher Ratio Senior High School	Average Daily Enrollment (A.D.E.)	Average Daily Attendance (A.D.A.)	% Change Average Daily Enrollment	Student Attendance Percentage
2001	1,727	16,735,890	9,691	17.24%	134.0	13.80	10.70	10.10	1,694.6	1,602.6	-0.09%	94.57%
2002	1,726	17,441,012	10,105	4.27%	139.0	13.33	11.60	10.00	1,684.5	1,600.1	-0.60%	94.99%
2003	1,668	18,597,907	11,150	10.34%	138.0	12.36	11.40	10.60	1,716.9	1,631.0	1.92%	95.00%
2004	1,622	19,787,380	12,199	9.41%	136.6	12.20	10.80	10.60	1,595.6	1,514.6	-7.07%	94.92%
2005	1,617	20,673,134	12,785	4.80%	139.2	10.40	9.20	9.70	1,547.2	1,471.8	-3.03%	95.13%
2006	1,609	21,188,896	13,169	3.00%	138.2	8.30	9.20	10.40	1,576.6	1,495.7	1.90%	94.87%
2007	1,631	21,948,049	13,457	2.19%	137.2	10.30	10.10	10.50	1,603.5	1,505.7	1.71%	93.90%
2008	1,559	22,859,691	14,663	8.96%	135.7	9.87	10.70	9.70	1,524.5	1,449.2	-4.93%	95.06%
2009	1,567	22,754,752	14,521	-0.97%	164.0	9.57	9.80	9.20	1,524.5	1,449.2	0.00%	95.06%
2010	1,567	23,474,490	14,981	3.16%	158.5	*	*	*	1,515.9	1,434.4	-0.56%	94.62%

Source: District records.

Note: Enrollment based on annual October district count.
Operating expenditures equal total expenditures less debt service and capital outlay.
Teaching staff includes only full-time equivalents of certificated staff.
Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

EXHIBIT J-18

BOROUGH OF PITMAN SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years
Unaudited

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
District Building										
Elementary										
Memorial School - 1962										
Square Feet	65,717	65,717	65,717	65,717	65,717	65,717	65,717	65,717	65,717	65,717
Capacity (students)	309	309	309	309	309	309	309	309	309	309
Enrollment	248	254	241	241	231	261	286	286	269	286
Kindle School - 1926										
Square Feet	32,977	32,977	32,977	32,977	32,977	32,977	32,977	32,977	32,977	32,977
Capacity (students)	217	217	217	217	217	217	217	217	217	217
Enrollment	252	233	222	225	225	210	192	192	253	192
W.C.K. Walls School - 1926										
Square Feet	38,902	38,902	38,902	38,902	38,902	38,902	38,902	38,902	38,902	38,902
Capacity (students)	274	274	274	274	274	274	274	274	274	274
Enrollment	276	266	247	241	258	255	257	257	252	257
Middle School										
Pitman Middle School - 1922										
Square Feet	78,684	78,684	78,684	78,684	78,684	78,684	78,684	78,684	78,684	78,684
Capacity (students)	381	381	381	381	381	381	381	381	381	381
Enrollment	396	401	402	374	364	356	363	363	404	363
High School										
Pitman High School - 1971										
Square Feet	99,415	99,415	99,415	99,415	99,415	99,415	99,415	99,415	99,415	99,415
Capacity (students)	556	556	556	556	556	556	556	556	556	556
Enrollment	511	525	528	513	505	494	498	498	529	498

Number of Schools at June 30, 2010
Elementary = 3
Middle School = 1
Senior High School = 1

Source: District Facilities Office. Enrollment is based on June student counts.

EXHIBIT J-19

BOROUGH OF PITMAN SCHOOL DISTRICT
General Fund
Schedule of Required Maintenance Expenditures by School Facility
For the Fiscal Year Ended June 30, 2010

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

* School Facilities Project # (s)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
Memorial	49,489	44,496	29,129	37,222	12,422	4,884	4,550	23,981	3,107	23,453	232,733
Kindle	109,022	41,082	24,229	15,767	4,620	19,901	6,390	28,197	22,530	5,795	277,533
Walls	45,692	48,464	17,439	21,752	26,154	13,323	13,146	20,386	6,940	5,465	218,761
Middle	53,902	98,023	41,107	24,179	17,021	12,773	24,861	15,610	33,352	9,947	330,775
High School	141,626	127,338	78,200	46,158	32,431	37,073	33,519	50,552	41,894	28,999	617,790
Total School Facilities	399,731	359,403	190,104	145,078	92,648	87,954	82,466	138,726	107,823	73,659	1,677,592

* School facilities as defined under E.F.C.F.A.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26-1.3)

Source: District records.

EXHIBIT J-20

BOROUGH OF PITMAN SCHOOL DISTRICT
Insurance Schedule
June 30, 2010
Unaudited

	Coverage	Deductible
School Package Policy (1)		
Property and Automobile Physical Damages	149,799,500	
Boiler and Machinery	125,000,000	1,000
Crime	299,500	
General and Automobile Liability	9,850,000	
Workers' Compensation	Statutory	
Educator's Legal Liability	10,000,000	
Pollution Legal Liability	3,000,000	25,000
Student Accident Insurance (2)		
School Time Compulsory Student Accident Coverage	1,000,000	
Blanket Athletic Coverage	5,000,000	
Disability Plan	1,000,000	
Round the Clock Voluntary Student Coverage	500,000	
Surety Bonds (3)		
Treasurer - Beth A. Walls	250,000	
Board Secretary/Business Administrator - Deborah J. Roncace	10,000	

(1) Association of School Business Officials Joint Insurance Fund
(2) Monumental Life Insurance Company
(3)A&B Selective Insurance Company of America

Source: District records.

SINGLE AUDIT SECTION

PETRONI & ASSOCIATES LLC

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Deanna L. Roller, CPA, RMA

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

The Honorable President and
Members of the Board of Education
Borough of Pitman School District
County of Gloucester
Pitman, New Jersey 08071

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Borough of Pitman School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2010, which collectively comprise the Borough of Pitman School District's basic financial statements and have issued our report thereon dated October 19, 2010. We conducted our audit 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; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough of Pitman School District'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 District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Pitman School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

This report is intended solely for the information and use of management, the Borough of Pitman School District 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.

PETRONI & ASSOCIATES LLC

Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542

October 19, 2010

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

The Honorable President and
Members of the Board of Education
Borough of Pitman School District
County of Gloucester
Pitman, New Jersey 08071

Compliance

We have audited the compliance of the Board of Education of the Borough of Pitman School District, in the County of Salem, State of New Jersey, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the year ended June 30, 2010. Borough of Pitman School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Borough of Pitman School District's management. Our responsibility is to express an opinion on the Borough of Pitman School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; OMB Circular A-133, *audits of States, Local Governments, and Non-Profit Organizations;* the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Pitman School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a

reasonable basis for our opinion. Our audit does not provide a legal determination of Borough of Pitman School District's compliance with those requirements.
In our opinion, the Borough of Pitman School District, in the County of Gloucester, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2010.

Internal Control over Compliance

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

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily 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.

This report is intended solely for the information and use of management, the Borough of Pitman School District 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.

PETRONI & ASSOCIATES LLC

Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542

October 19, 2010

SCHEDULE A
EXHIBIT K-3

BOROUGH OF PITMAN SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2010

Federal Grantor/Pass-Through/Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2009	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of prior Years' Balances	Balance at June 30, 2010 (Accounts Receivable)	Balance at June 30, 2010 Deferred Revenue	Balance at June 30, 2010 Due to Grantor	MEMO Cumulative Total Expenditures
U.S.Department of Education														
Passed-through State Department of Education:														
General Fund:														
ARRA - SFSF- ESF (Educ. State Grants)	84.394	N/A	1,423,716	07/1/09 - 06/30/10			1,344,621	(1,423,716)			(79,095)			1,423,716
ARRA - SFSF- GSF (Government Services)	84.397	N/A	55,114	07/1/09 - 06/30/10			52,052	(55,114)			(3,062)			55,114
Medical Assistance Program	93.778	N/A	27,329	07/1/09 - 06/30/10			12,405	(27,329)			(14,924)			27,329
Medical Assistance Program	93.778	N/A	2,652	07/1/08 - 06/30/09	(485)		485							2,652
Total General Fund					(485)		1,409,563	(1,506,159)			(97,081)			1,508,811
U.S. Department of Education														
Passed-through State Department of Education:														
Special Revenue Fund:														
Title I - Part A	84.010	NCLB414010	91,064	09/1/09 - 08/31/10			50,236	(91,064)			(40,828)			91,064
Title I - Part A	84.010	NCLB414009	83,371	09/1/08 - 08/31/09	(26,021)		27,099	(1,078)						83,371
Title II A, Teacher & Principal Training	84.367	NCLB414010	65,566	09/1/09 - 08/31/10			30,864	(65,566)			(34,702)			65,566
Title II A, Teacher & Principal Training	84.367	NCLB414009	64,601	09/1/08 - 08/31/09	(22,180)		22,180							64,601
Title II D, Enhancing Education through Tech.	84.318	NCLB414010	926	09/1/09 - 08/31/10			926	(926)						926
Title II D, Enhancing Education through Tech.	84.318	NCLB414009	693	09/1/08 - 08/31/09	(693)	440	253							693
Title II D, Enhancing Education through Tech.	84.318	NCLB414008	575	09/1/07 - 08/31/08	50			(50)						575
Title IV-Safe & Drug Free Schools & Communities	84.186	NCLB414010	3,192	09/1/09 - 08/31/10			797	(3,192)			(2,395)			3,192
Title IV-Safe & Drug Free Schools & Communities	84.186	NCLB414009	3,284	09/1/08 - 08/31/09	440	1,101	3,284	(4,825)						4,825
Title IV-Safe & Drug Free Schools & Communities	84.186	NCLB414008	4,560	09/1/07 - 08/31/08	1,541	(1,541)								3,019
I.D.E.A. Part B, Basic Regular	84.027A	IDEA414010	369,971	09/1/09 - 08/31/10			249,442	(369,971)			(120,529)			369,971
I.D.E.A. Part B, Basic Regular	84.027A	IDEA414009	372,458	09/1/08 - 08/31/09	(257,754)		257,754							372,458
I.D.E.A. Part B, Preschool	84.173	IDEA414010	14,278	09/1/09 - 08/31/10			14,278	(14,278)						14,278
ARRA- Title I, Part A	84.389	N/A	29,669	09/1/09 - 08/31/11			25,564	(29,669)			(4,105)			29,669
ARRA- I.D.E.A. Part B, Basic Regular	84.391	N/A	332,276	09/1/09 - 08/31/11			141,387	(194,206)			(52,819)			194,206
ARRA- Preschool	84.392	N/A	12,005	09/1/09 - 08/31/11			9,111	(9,111)						9,111
Total Special Revenue Fund					(304,617)		833,175	(783,936)			(255,378)			1,307,525
U.S. Department of Agriculture														
Passed-through State Department of Education:														
Enterprise Fund:														
Food Distribution Program	10.550		22,591	07/1/09 - 06/30/10			22,591	(20,632)				1,959		20,632
Food Distribution Program	10.550		16,942	07/1/08 - 06/30/09	1,639			(1,639)						16,942
School Breakfast Program	10.553		3,890	07/1/09 - 06/30/10			3,542	(3,890)			(348)			3,890
School Breakfast Program	10.553		2,696	07/1/08 - 06/30/09	(428)		428							2,696
National School Lunch Program	10.555		96,841	07/1/09 - 06/30/10			87,585	(96,841)			(9,256)			96,841
National School Lunch Program	10.555		79,116	07/1/08 - 06/30/09	(15,806)		15,806							79,116
Special Milk Program	10.556		1,702	07/1/09 - 06/30/10			1,524	(1,702)			(178)			1,702
Special Milk Program	10.556		1,983	07/1/08 - 06/30/09	(385)		385							1,983
Total Enterprise Fund					(14,980)		131,861	(124,704)			(9,782)	1,959		223,802
Total Federal Financial Awards					(320,082)		2,374,599	(2,414,799)			(362,242)	1,959		3,040,138

The accompanying notes to schedules of expenditures of awards and financial assistance are an integral part of this schedule.

BOROUGH OF PITMAN SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2010

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2009 Deferred Revenue (Accounts Receivable)	Balance at June 30, 2009 Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Expenditures	Balance at June 30, 2010 (Accounts Receivable)	Balance at June 30, 2010 Deferred Revenue	Balance at June 30, 2010 Due to Grantor	MEMO Budgetary Receivable	MEMO Cumulative Total Expenditures
State Department of Education															
General Fund:															
Equalization Aid	10-495-034-5120-078	6,413,258	07/1/09	06/30/10				6,413,258	(6,413,258)					770,461	6,413,258
Transportation Aid	10-495-034-5120-014	143,357	07/1/09	06/30/10				143,357	(143,357)					13,552	143,357
Special Education Categorical Aid	10-495-034-5120-089	741,653	07/1/09	06/30/10				741,653	(741,653)					70,110	741,653
Security Aid	10-495-034-5120-084	120,732	07/1/09	06/30/10				120,732	(120,732)					11,413	120,732
Adjustment Aid	10-495-034-5120-085	963,154	07/1/09	06/30/10				963,154	(963,154)					91,049	963,154
Extraordinary Aid	10-495-034-5120-044	64,692	07/1/09	06/30/10					(64,692)		(64,692)				64,692
Extraordinary Aid	09-495-034-5120-044	13,107	07/1/08	06/30/09	(13,107)			13,107							13,107
Reimbursed T.P.A.F. Social Security Contributions	10-495-034-5095-002	865,546	07/1/09	06/30/10				825,365	(865,546)		(40,181)				865,546
Reimbursed T.P.A.F. Social Security Contributions	09-495-034-5095-002	838,804	07/1/08	06/30/09	(39,094)			39,094							838,804
On-Behalf T.P.A.F. Pension Contribution	10-495-034-5095-006	765,172	07/1/09	06/30/10				765,172	(765,172)						765,172
On-Behalf T.P.A.F. Postretirement Contribution	10-495-034-5095-001	40,741	07/1/09	06/30/10				40,741	(40,741)						40,741
Total General Fund					(52,201)			10,065,633	(10,118,305)		(104,873)			956,585	10,970,216
State Department of Health and Senior Services															
Special Revenue Fund:															
Southwest Council															
Reaching everyone by exposing lies	n/a	2,000	07/1/08	06/30/09	(2,000)			1,000			(1,000)				2,000
Total Special Revenue Fund					(2,000)			1,000			(1,000)				2,000
Debt Service Fund:															
Debt Service Aid Type II	10-495-034-5120-017	473,998	07/1/09	06/30/10	473,998			473,998	(473,998)						473,998
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	09-100-010-3360-067	5,868	07/1/09	06/30/10				5,311	(5,868)		(557)				5,868
National School Lunch Program (State Share)	08-100-010-3360-067	5,445	07/1/08	06/30/09	(1,077)			1,077							5,445
School Breakfast Program (State Share)	09-100-010-3350-023	240	07/1/09	06/30/10				218	(240)		(22)				240
School Breakfast Program (State Share)	08-100-010-3350-023	204	07/1/08	06/30/09	(33)			33							204
Total Enterprise Fund					(1,110)			6,639	(6,108)		(579)				11,757
Total State Financial Assistance					418,687			10,547,270	(10,598,411)		(106,452)			956,585	11,457,971

The accompanying notes to schedules of expenditures of awards and financial assistance are an integral part of this schedule.

EXHIBIT K-5

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO SCHEDULES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2010

NOTE 1: GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include federal and state activity of the Board of Education, Borough of Pitman 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, is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of O.M.B. 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 G.A.A.P. basis. Budgetary comparison statements or schedules (R.S.I.) 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 G.A.A.P. 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 June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44-.2. For G.A.A.P. purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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 G.A.A.P. basis does not. The Special Revenue Fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-4-.2.

BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2010

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the G.A.A.P. basis is ($944,101) for the General 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 G.A.A.P. basis as presented:

	Federal	State	Total
General Fund	1,506,159	10,025,204	11,531,363
Special Revenue Fund		783,936	783,936
Debt Service Fund		473,998	473,998
Food Service Fund	125,024	6,108	131,132
Total Financial Assistance	1,631,183	11,289,246	12,920,429

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: FOOD DISTRIBUTION PROGRAM

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. Non-monetary assistance is reported in the schedule at the market value of the commodities received and disbursed. At June 30, 2010, Borough of Pitman School District has food commodities totaling $1,959 in inventory.

NOTE 6: OTHER

The amount reported as T.P.A.F. Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2010. T.P.A.F. Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for T.P.A.F. members for the year ended June 30, 2010.

EXHIBIT K-6

BOROUGH OF PITMAN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

1. Material weakness(es) identified? _____Yes ____X____No

2. Significant deficiencies identified that are not considered to be material weaknesses? _____Yes ____X___None

Noncompliance material to basic financial statements noted? _____Yes ____X___No

Federal Awards

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: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133? _____Yes ____X____No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.394	ARRA – SFSF-ESF (Educ. State Grants)
84.391	ARRA – IDEA Part B

Dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as low-risk auditee? ___X___Yes _____No

BOROUGH OF PITMAN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Section I – Summary of Auditor's Results (Continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs: $317,952

Auditee qualified as low-risk auditee? _____Yes _____X____No

Internal control over major programs:

1. Material weakness(es) identified? _____Yes ___X____No

3. 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: Unqualified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04? ___X____Yes _____No

Identification of major programs:

State Grant/Project Numbers	Name of State Program
495-034-5120-078	Equalization Aid
495-034-5120-084	Security Aid

EXHIBIT K-6
(Continued)

BOROUGH OF PITMAN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Section II – Financial Statement Findings

No matters reported.

Section III – Federal and State Financial Assistance Findings and Questioned Costs

FEDERAL AWARDS

No matters reported.

STATE AWARDS

No matters reported.

EXHIBIT K-7

BOROUGH OF PITMAN SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Finding 2009-1
Condition:
Federal employment tax payments were made for incorrect amounts resulting in an overpayment.

Current year status: Corrective action has been taken.

Finding 2009-2
Condition:
During review of lease agreements it was noted that the District misclassified and misbudgeted lease payments for equipment as lease payments for land and building. The expenditure and related appropriation was reclassified for financial statement presentation.

Current year status: Corrective action has been taken.

Finding 2009-4
Condition:
Some professional service vendors were not provided form 1099 when required by the Internal Revenue Code. Form W-9 assists the District in determining which vendors are required to receive form 1099.

Current year status: Corrective action has been taken.

Finding 2009-5
Condition:
Budget line item transfers were not approved prior to the overexpenditure of a line item.

Current year status: Corrective action was taken.

Finding 2009-6
Condition:
There are no internal control procedures over the cash receipts function in the Panther Club.

Current year status: Corrective action was taken.