UPPER PITTSGROVE TOWNSHIP

BOARD OF EDUCATION

COMPREHENSIVE ANNUAL
Financial Report

of the

Upper Pittsgrove Township Board of Education

Salem, New Jersey

For the Fiscal Year Ended June 30, 2010

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

Upper Pittsgrove Township Board of Education

Monroeville, New Jersey

For the Fiscal Year Ended June 30, 2010

Prepared by

Upper Pittsgrove Township Board of Education

Finance Department

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE UPPER PITTSGROVE TOWNSHIP BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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INTRODUCTORY SECTION

Upper Pittsgrove School District

235 Pine Tavern Road · Monroeville · New Jersey · 08343
Phone: (856) 358-8116 · Fax: (856) 358-1024

September 23, 2010

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

Dear Board Members:

The comprehensive annual financial report of the Upper Pittsgrove Township School District (District) for the fiscal year ended June 30, 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 (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly, the financial position and results of operations of the various funds of the District. All disclosures that we feel are necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1. REPORTING ENTITY AND ITS SERVICES:

Upper Pittsgrove Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds of the District are included in this report. The Upper Pittsgrove Township Board of Education and its one school constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels Pre-K through Eighth grade. These include regular, as well as special education for handicapped students. The District completed the 2009-2010 fiscal year with an enrollment of 575 including 160 high school students, which is six (6) more students than the previous year's enrollment and includes 415 Pre-K through Grade 8 students. The following charts the Enrollment of the District over the last ten years:

Enrollment

Fiscal Year	Student Enrollment *	Percent Change
2009-10	575	1.05%
2008-09	569	6.16%
2007-08	536	(7.43%)
2006-07	579	.35%
2005-06	577	(1.70%)
2004-05	587	(1.84%)
2003-04	598	(0.50%)
2002-03	595	1.53%
2001-02	586	0.00%
2000-01	586	(1.01%)

* Includes High School Students

2. ECONOMIC CONDITION AND OUTLOOK:

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

3. MAJOR INITIATIVES:

The Upper Pittsgrove School District continues to maintain contemporary educational services while seeking new ways to engage our children and their community. Beyond the scope of the curriculum review cycle, the district provides beneficial professional development and student services initiatives. The following is a sample of district initiatives:

- Response to Intervention – RTI is a data driven decision making process for providing focused interventions for students in their earliest years of education.
- Power School – The district uses Power School for providing online grade, homework, and attendance.
- DIBELS – the district is currently using the DIBELS process for assessing language arts abilities and is beginning the process to assess mathematics.
- We continue to modify and implement the Renaissance Program to encourage excellence in grades, behavior and attendance.
- Middle School grades are implementing "Learnia" for formative assessments.
- The District is purchasing, and training teachers to utilize, interactive white boards to continue our technology integration.
- The district is utilizing solar panels to reduce our energy cost and or environmental footprint. We look to expand this project in the next several years.

4. INTERNAL ACCOUNTING CONTROLS:

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

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

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

5. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2010.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. CASH MANAGEMENT:

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

8. RISK MANAGEMENT:

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

9. OTHER INFORMATION:

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

10. ACKNOWLEDGMENTS:

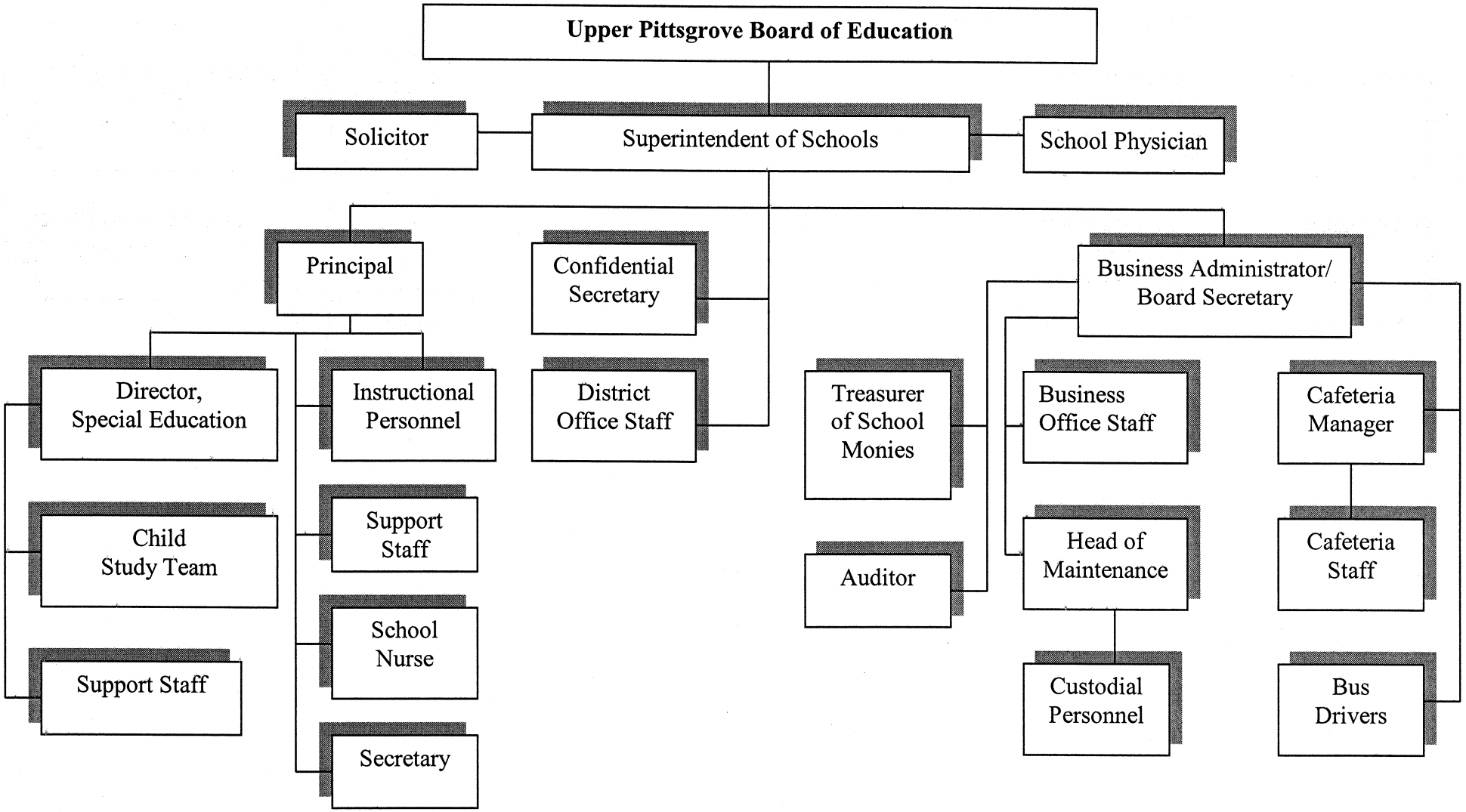
We would like to express our appreciation to the members of the Upper Pittsgrove Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our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

Respectfully submitted,

Robert J. Bazzel
Superintendent

Lisa M. DiNovi
Business Administrator/Board Secretary

UPPER PITTSGROVE SCHOOL DISTRICT ORGANIZATION CHART



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

ROSTER OF OFFICIALS

JUNE 30, 2010

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Thomas Jones, President	2011
Veronica Merriel, Vice President	2013
Dan Bellisario	2013
William Schermerhorn	2013
Nancy Merritt	2011
Brian C. Wirth	2011
Polly B. Deal	2012
Robert Donahoe	2012
Jeffrey Krautwald	2012

OTHER OFFICIALS

Robert J. Bazzel, Superintendent

Lisa M. DiNovi, Business Administrator / Board Secretary

Donna Jones, Treasurer of School Moneys

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
COUNTY OF SALEM
MONROEVILLE, NJ

CONSULTANTS AND ADVISORS

ATTORNEY

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

AUDIT FIRM

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

OFFICIAL DEPOSITORY

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

INSURANCE AGENCY

Conner Strong
PO Box 989
Marlton, New Jersey 08053

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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

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

September 23, 2010

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Upper Pittsgrove Township School District in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 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 Upper Pittsgrove Township Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of 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 Upper Pittsgrove Township Board of Education, in the County of Salem, State of New Jersey, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with ***Government Auditing Standards***, we have also issued our report dated September 23, 2010 on our consideration of the Upper Pittsgrove Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Governments Auditing Standard*** and should be considered in assessing the results of our audit.

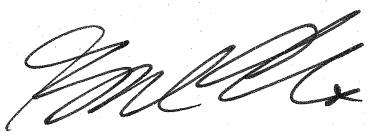
The Management Discussion and Analysis and Budgetary Comparison Information on pages 10 through 18 and 49 through 58 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedure to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, 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 Upper Pittsgrove Township Board of Education's basic financial statements. The accompanying introductory section and other supplementary information such as the 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 basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedure applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures 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 are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



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

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Upper Pittsgrove Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(UNAUDITED)

This section of the Upper Pittsgrove Township School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2010. Comparative information between the current year (2009-10) and the prior year (2008-09) is required to be presented in the MD&A. The intent of the discussion and analysis is to look at the District's financial performance as a whole. Interested parties should review the basic financial statements and notes in concert with this document in order to enhance and clarify their understanding of the finances of the District.

Using the Comprehensive Annual Financial Report (CAFR)

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

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

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

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

Key financial highlights for 2010 are as follows:

- Total Net Assets increased by $403,278, attributable to various operating results and adjustments.

- General revenues accounted for $7,318,246 in revenue or 90.6% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for $755,781 or 9.4% percent of the total revenues of $8,074,027.

- Net assets of governmental activities increased by $414,298, comprised of changes in various assets and liabilities. The net assets of the Business-type Activities decreased by $11,020.

- The School District had $7,670,749 in total expenses, of which only $755,781 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily federal awards, state aid and property taxes of $7,202,693) were adequate to provide for these programs. These revenues and expenses include the Business-type Activities.

- The General Fund had $7,134,168 in revenues, $7,102,710 in expenditures and other financing sources of $162,950. The General Fund's balance increased by $194,408 over 2009. This increase was anticipated by the Board of Education as it constituted the use of surplus to offset expenses.

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

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The statement of net 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 *position.*

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

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

- Governmental Activities – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation, extracurricular activities and internal service funds.

- Business – Type Activities – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service and School Age Childcare enterprise funds are reported as business-type activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

The District may implement four types of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental fund statements explains the relationship (or differences) between them.

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

- *Internal service funds: (*Also considered proprietary funds) are optional and utilized to report activities that provide supplies and services for other District programs and activities. The District currently does not have any internal service funds.

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as the student activity fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements, as these assets may not be used to finance the District's operations.

The School District as a Whole

Table 1 provides a comparative summary of the School District's net assets for the years ended in 2010 and 2009

Table 1
Net Assets

	2010	2009
Assets		
Current and Other Assets	$ 512,870	$ 306,384
Capital Assets, net	4,329,443	4,401,370
Total Assets	4,842,313	4,707,754
Liabilities		
Long-term Liabilities	2,033,667	2,314,655
Other Liabilities	108,338	96,069
Total Liabilities	2,142,005	2,410,724
Net Assets		
Invested in Capital Assets, Net of Debt	2,404,310	2,164,681
Restricted	413,308	210,900
Unrestricted	(117,310)	(78,551)
Total net assets	$ 2,700,308	$ 2,297,030

Table 2 shows the changes in net assets from fiscal year's 2010 and 2009

Table 2
Changes in Net Assets

	2010	2009
Revenues		
Programs revenues		
Charges for Services	$ 102,780	$ 104,196
Operating Grants and Contributions	653,001	578,700
General Revenues		
Property Taxes	3,779,300	3,555,966
Federal and State Aid-Not Restricted	3,423,393	3,329,619
Other	115,553	129,808
Total Revenues	8,074,027	7,698,289
Program Expenses		
Instruction	2,225,018	2,112,065
Support Services	4,981,891	4,880,820
Interest on Long-Term Debt	75,130	92,399
Other	232,571	232,188
Enterprise	156,139	154,266
Total Expenses	7,670,749	7,471,738
Less Prior Year Fixed Asset and		
Increase in net assets	$ 403,278	$ 226,551

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. The District's Property taxes made up 51.6% percent of these revenues for governmental activities. Unrestricted federal, state and local grants accounted for another 46.8%. The total cost of services, as shown below, was $7,670,749. The net cost of all governmental programs and services, which excludes charges for services, operating grants and the enterprise fund was $6,908,438. Instruction comprises 29% of these District expenses.

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

Table 3

	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
Instruction	$ 2,225,018	$ 2,068,094	$ 2,112,065	$ 1,997,399
Tuition	2,084,793	2,084,793	2,031,193	2,031,193
Pupil and Instuctional Staff	548,251	417,261	516,604	396,258
General administration, school administration, business	484,334	484,334	465,098	465,098
Operation and maintenance of facilities	375,098	375,098	380,310	380,310
Pupil Transportation	369,543	369,543	373,230	373,230
Employee Benefits	1,119,872	801,614	1,114,385	817,827
Enterprise Fund	156,139	6,530	154,266	2,940
Interest	75,130	75,130	92,399	92,399
Other	232,571	232,571	232,188	232,188
Total Expenses	$ 7,670,749	$ 6,914,968	$ 7,471,738	$ 6,788,842

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

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

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

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

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

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

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

Business-Type Activities

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

- Expenses exceeded program revenues by $11,020.
- Charges for services represent $102,780 of revenue as compared to $104,196 in 2009. This represents amount paid by patrons for daily food services activities. There was also $22 in other non-operating revenue from interest income and a prior year revenue adjustment of $4,512.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were $46,829 as compared to $47,130 in 2009.

The School District's Funds

Information about the School District's major funds starts on page 21. These funds are accounted for using the modified accrual basis of accounting. The governmental funds used (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of $7,938,529, expenditures of $7,907,071 and other financing sources of $162,950. The net change in fund balance for the year was $194,408. This demonstrates that the District was able to meet current operating costs with no urgent need for additional funds.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (including the capital projects fund) for the fiscal year ended June 30, 2010, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenue	Amount	Percent of Total	Increase/ (Decrease) from 2009	Percent Increase (Decrease)
Local Sources	$ 3,908,964	49.24%	$ 223,227	6.77%
State Sources	3,299,676	41.57%	(334,638)	-8.90%
Federal Sources	729,889	9.19%	503,014	186.45%
Total	$ 7,938,529	100.00%	$ 391,603	5.34%

The increase in Local sources is attributed to increases in the governmental fund local tax levy of $223,334 and a decrease in miscellaneous revenue of $107. The decrease in State sources is attributed to reduced general state aid of $334,013 and lower special education grants of $2,915 offset by an increase in debt service aid of $290.

The increase in Federal sources is due to increases in various grants. In addition, the 2010 figures do not include deferred revenue in accordance with GAAP accounting.

The following schedule presents a summary of general fund, special revenue fund, Capital Project fund and debt service fund expenditures for the fiscal year ended June 30, 2010 and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase/ (Decrease from 2009	Percent Increase (Decrease)
Current:				
Instruction	$ 2,068,094	26.15%	$ 70,695	3.60%
Support Services	4,806,863	60.79%	67,111	1.32%
Capital Outlay	227,753	2.88%	16,877	61.67%
Special Revenues	305,708	3.87%	57,555	23.07%
Debt Service	498,653	6.31%	8,227	1.67%
Total	$ 7,907,071	100.00%	$ 220,465	2.82%

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

The increase in undistributed expenditures was due to decreases in maintenance costs of $5,212, transportation costs of $3,687 and employee benefits of $17,500, offset by increases in tuition costs of $53,600, administration costs of $23,560, student related costs of $31,647, and debt service of $8,227.

The increase in capital outlay is attributed to expenditures on the geothermal capital project, equipment and a bus purchase.

General Fund Budgeting Highlights

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

During the course of the fiscal year 2010, the School District amended its General Fund budget as needed. The School District uses program based budgeting. These budgeting systems are designed to tightly control total program budgets while providing flexibility for program management to address the following:

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

While the District's final general fund budget anticipated that revenues, including $111,812 in surplus appropriated, would roughly equal expenditures, the actual results for the year show an excess of $200,731 as shown on Exhibit C-1.

- Actual revenues were $36,423 less than expected due to the decreased miscellaneous income, excluding on-behalf pension and social security reimbursements of $300,464.

- Actual expenditures were $415,470 less than expected. This also excludes state on-behalf pension and social security reimbursements of $300,464 and capital lease purchases of $162,950 and demonstrated that the budget was stable.

Capital Assets

At the end of the fiscal year 2010, the Governmental Funds of the School District had $4,312,038 (net of accumulated depreciation) invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal year 2010.

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

	2010
Land	$ 781,429
Site Improvements	15,739
Transportation Vehicles	346,491
Building and Improvements	3,075,579
Machinery and Equipment	92,800
Totals	$ 4,312,038

Overall capital assets decreased by $66,954 from fiscal year 2009 to fiscal year 2010. There were increases of $162,950 in capital assets by purchase or construction (primarily buildings and improvements, machinery and equipment) during the year under audit. This was offset by depreciation expense of $229,904 for the year.

Long-Term Debt:

At June 30, 2010, the School District had $2,033,667 of outstanding debt. Of this amount, $108,534 is for compensated absences; $380,133 for capital leases; and $1,545,000 for general obligation bonds.

At June 30, 2010, the School District's overall legal debt margin was $10,328,012 and the unvoted debt margin was $8,783,012, or 85% of the total amount permitted by statute. The detail of the open debt issues is shown in Note 6 to the financial statements.

For the Future

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

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the District.
These statements include the financial activities of the overall District, except for fiduciary activities.
Eliminations have been made to minimize the double-counting of internal activities.
These statements distinguish between the governmental and business-type activities of the District.

EXHIBIT A-1

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 349,661	$ 8,077	$ 357,738
Accounts Receivable			
State and Federal	100,777	6,892	107,669
Other	4,923	10	4,933
Inventory		5,548	5,548
Restricted Assets			
Capital Reserve Cash	27,872		27,872
Unamortized Bond Issue Costs	9,110		9,110
Capital Assets, Net (Note 5):	4,312,038	17,405	4,329,443
Total Assets	4,804,381	37,932	4,842,313
LIABILITIES			
Current Liabilities:			
Accounts payable	65,019	6,344	71,363
Accrued Interest Payable	30,276		30,276
Deferred revenue	2,850	3,849	6,699
Non-current Liabilities:			
Due within One Year	535,657		535,657
Due beyond One Year	1,498,010		1,498,010
Total Liabilities	2,131,812	10,193	2,142,005
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	2,386,905	17,405	2,404,310
Restricted for:			
Capital Reserve	27,872		27,872
Other Purposes	385,436		385,436
Unrestricted	(127,644)	10,334	(117,310)
Total net assets	$ 2,672,569	$ 27,739	$ 2,700,308

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

EXHIBIT A-2

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: 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	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental activities:						
Instruction:						
Regular	$ 1,714,229	$	$ 156,924	$ (1,557,305)	$	$ (1,557,305)
Special education	377,818			(377,818)		(377,818)
Other instruction	132,971			(132,971)		(132,971)
Support services:	-					
Tuition	2,084,793			(2,084,793)		(2,084,793)
Student & Instruction Related Services	548,251		130,990	(417,261)		(417,261)
General Administrative Services	194,566			(194,566)		(194,566)
School Administrative Services	161,760			(161,760)		(161,760)
Central Services	128,008			(128,008)		(128,008)
Plant Operations & Maintenance	375,098			(375,098)		(375,098)
Student Transportation	369,543			(369,543)		(369,543)
Unallocated Employee Benefits	1,119,872		318,258	(801,614)		(801,614)
Unallocated Depreciation Expense	229,904			(229,904)		(229,904)
Interest on Long Term Debt	75,130			(75,130)		(75,130)
Amortization of Debt Issue Costs	2,667			(2,667)		(2,667)
Total Governmental Activities	7,514,610		606,172	(6,908,438)		(6,908,438)
Business-type activities:						
Food Service	122,974	69,766	46,829		(6,379)	(6,379)
School Care	33,165	33,014			(151)	(151)
Total business-type activities	156,139	102,780	46,829		(6,530)	(6,530)
Total primary government	$ 7,670,749	$ 102,780	$ 653,001	(6,908,438)	(6,530)	(6,914,968)
General Revenues:						
Local Tax Levy						
General Purpose				3,477,394		3,477,394
Debt Service				301,906		301,906
Unrestricted Aid Federal and State				3,423,393		3,423,393
Interest				2,255		2,255
Tuition Revenue				63,569		63,569
Fixed Asset Adjustment				(9,621)		(9,621)
Transportation Revenue				32,689		32,689
Prior Year Revenue Adjustment					(4,512)	(4,512)
Miscellaneous				31,151	22	31,173
Total General Revenues and Transfers				7,322,736	(4,490)	7,318,246
Change in Net Assets				414,298	(11,020)	403,278
Net Assets—Beginning				2,258,271	38,759	2,297,030
Net Assets—Ending				$ 2,672,569	$ 27,739	$ 2,700,308

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

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

EXHIBIT B-1

UPPER PITTSGROVE TOWNSHIP BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 347,861	$	$ 1,800	$ 349,661
Cash Capital Reserve	27,872			27,872
Accounts Receivable				
State	17,790			17,790
Federal		82,987		82,987
Interfund	65,818			65,818
Other	4,923			4,923
Total Assets	$ 464,264	$ 82,987	$ 1,800	$ 549,051
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable	$ 49,050	$ 15,969	$	$ 65,019
Interfunds Payable		65,818		65,818
Due to State		2,850		2,850
Total Liabilities	49,050	84,637		133,687
Fund Balance:				
Reserved				
Encumbrances	69,326			69,326
Capital Reserve	27,872			27,872
Excess Surplus	312,195			312,195
Excess Surplus - Designated for Subsequent Year's Expenditures	73,091			73,091
Unreserved:				
Special Revenue Fund		(1,650)		(1,650)
Designated for Subsequent Year's Expenditures			1,800	1,800
Undesignated	(67,270)			(67,270)
Total Fund Balance	415,214	(1,650)	1,800	415,364
Total Liabilities and Fund Balance	$ 464,264	$ 82,987	$ 1,800	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is $8,420,925 and the accumulated depreciation of $4,041,933 (Note 4).	4,312,038
Other long-term assets, including inventories are not available to pay for current period expenditures and, therefore, are not reported in the funds	9,110
Long-term liabilities and accrued interest payable, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7).	(2,063,943)
Net assets of governmental activities	$ 2,672,569

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

EXHIBIT B-2

UPPER PITTSGROVE TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Local sources:				
Local Tax Levy	$ 3,477,394	$	$ 301,906	$ 3,779,300
Transportation	32,689			32,689
Tuition Charges from Individuals	12,627			12,627
Tuition - Preschool	28,761			28,761
Tuition - Preschool	22,181			22,181
Interest on Investments	2,030			2,030
Interest on Investments - Capital Reserve	225			225
Miscellaneous	31,151			31,151
Total Local Sources	3,607,058		301,906	3,908,964
State Sources	3,085,429	17,500	196,747	3,299,676
Federal Sources	441,681	288,208		729,889
Total Revenues	7,134,168	305,708	498,653	7,938,529
EXPENDITURES				
Regular Instruction	1,557,305	156,924		1,714,229
Special Education	377,818			377,818
Other Instruction	132,971			132,971
Support Services and Undistributed Costs:				
Tuition	2,084,793			2,084,793
Student & Instruction Related Services	417,261	130,990		548,251
General Administrative Services	194,566			194,566
School Administrative Services	166,084			166,084
Central Services	128,008			128,008
Plant Operations & Maintenance	375,098			375,098
Student Transportation	369,543			369,543
Unallocated Employee Benefits	1,071,510	17,794		1,089,304
Capital Outlay	227,753			227,753
Debt Service				
Principal			415,000	415,000
Interest			83,653	83,653
Total Expenditures	7,102,710	305,708	498,653	7,907,071
Excess (Deficiency) of Revenues Over (Under) Expenditures	31,458			31,458
OTHER FINANCING SOURCES (USES)				
Capital Lease Proceeds	162,950			162,950
Total other financing sources and uses	162,950			162,950
Net change in fund balances	194,408			194,408
Fund balance—July 1	220,806	(1,650)	1,800	220,956
Fund balance—June 30	$ 415,214	$ (1,650)	$ 1,800	$ 415,364

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

EXHIBIT B-3

UPPER PITTSGROVE TOWNSHIP BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Total net change in fund balances - governmental funds (from B-2)		$ 31,458
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation expense	$ (229,904)	
Fixed Asset Adjustment	(9,621)	
Capital Outlay	58,097	
		(181,428)
Repayment of bond principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of net assets. This is the amount of repayments reported as expenditures in government funds		415,000
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.		
Capital lease proceeds		162,950
In the statement of activities, interest on long-term debt is accrued regardless of when it is due. In the governmental funds, interest is reported when due.		8,523
Bond issued costs are expended in the governmental fund as expenditures in the year the bonds are issued. However, on the statement of activities, the costs are amortized over the life of the bonds.		(2,667)
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).		(30,568)
Change in net assets of governmental activities (A-2)		$ 403,268

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

PROPRIETARY FUNDS

EXHIBIT B-4

UPPER PITTSGROVE TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	FOOD SERVICE FUND	SCHOOL CARE	TOTAL
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ (989)	$ 9,066	$ 8,077
Accounts Receivable			
State	367		367
Federal	6,525		6,525
Other		10	10
Inventories	5,548		5,548
Total Current Assets	11,451	9,076	20,527
Noncurrent Assets:			
Equipment	132,418		132,418
Less: Accumulated Depreciation	(115,013)		(115,013)
Total Noncurrent Assets	17,405		17,405
Total Assets	28,856	9,076	37,932
LIABILITIES:			
Current Liabilities:			
Due to Management Company	6,344		6,344
Deferred Revenue	3,849		3,849
Total Current Liabilities	10,193		10,193
NET ASSETS:			
Unrestricted	18,663	9,076	27,739
Total Net Assets	18,663	9,076	27,739
Total Liabilities and Net Assets	$ 28,856	$ 9,076	$ 37,932

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

EXHIBIT B-5

UPPER PITTSGROVE TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	FOOD SERVICE FUND	SCHOOL CARE	TOTAL
OPERATING REVENUES			
Local Sources			
Daily Sales			
Reimbursable Programs	$ 61,254	$	$ 61,254
Non-Reimbursable Programs	8,152		8,152
Special Functions	360		360
Program Fees		33,014	33,014
Total Operating Revenue:	69,766	33,014	102,780
OPERATING EXPENSES			
Labor	48,971	28,024	76,995
Depreciation	4,973		4,973
Cost of Sales	48,797		48,797
Supplies and Materials	4,589	4,888	9,477
Management Fee	8,500		8,500
Other	7,144	253	7,397
Total Operating Expenses	122,974	33,165	156,139
Operating income (loss)	(53,208)	(151)	(53,359)
NONOPERATING REVENUES			
State Sources			
State School Lunch Program	1,940		1,940
Federal Sources			
National School Lunch Program	34,465		34,465
Food Distribution Program	10,402		10,402
Interest	22	22	44
Total Non-operating Revenues	46,829	22	46,851
Net Income (Loss) Before Operating Transfers	(6,379)	(129)	(6,508)
Prior Year Revenue Adjustment	(4,512)		(4,512)
Change in Net Assets	(10,891)	(129)	(11,020)
Total net assets—beginning	29,554	9,205	38,759
Total net assets—ending	$ 18,663	$ 9,076	$ 27,739

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

EXHIBIT B-6

UPPER PITTSGROVE TOWNSHIP BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	FOOD SERVICE FUND	SCHOOL CARE	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income (Loss)	$ (53,208)	$ (151)	$ (53,359)
Adjustments to Reconcile Operating Income (Loss)			
to Cash Provided (Used) by Operating Activities			
Food Distribution Program	10,402		10,402
Depreciation	4,973		4,973
Change in Assets and Liabilities			
(Increase) Decrease Inventory	244		244
Increase (Decrease) in Receivables	4,621	(10)	4,611
Increase (Decrease) in Deferred Revenue	(154)		(154)
Increase (Decrease) in Payables	209	(531)	(322)
Net Cash Provided (Used) by Operating Activities	(32,913)	(692)	(33,605)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from State and Federal Reimbursements	36,405	0	36,405
Operating transfer to General Fund			
Net Interfunds			
Prior Year Revenue Adjustment	(4,512)	0	(4,512)
Net Cash Provided (Used) by Noncapital Financing Activities	31,893		31,893
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capitol Assets			
Net Cash Provided (Used) by Capital and Related Financing Activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	22	22	44
Net Cash Provided (Used) by Investing Activities	22	22	44
Net Increase (Decrease) in Cash and Cash Equivalents	(998)	(670)	(1,668)
Cash and Cash Equivalents - Beginning of Year	9	9,736	9,745
Cash and Cash Equivalents - End of Year	$ (989)	$ 9,066	$ 8,077

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

FIDUCIARY FUNDS

EXHIBIT B-7

UPPER PITTSGROVE TOWNSHIP BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	EXPENDABLE TRUST	AGENCY		
	SCHOLARSHIP TRUST	STUDENT ACTIVITIY	PAYROLL	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 1,548	$ 12,372	$ 6,896	$ 20,816
Investments	15,000	1,708		16,708
Due from General fund		260		260
Total Assets	16,548	14,340	6,896	37,784
LIABILITIES				
Interfunds Payable			2,841	2,841
Deductions Payable			4,055	4,055
Due to Student Groups		14,340		14,340
Total Liabilities		14,340	6,896	21,236
NET ASSETS				
Reserved	16,548			16,548
Total Net Assets	$ 16,548	$	$	$ 16,548

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

EXHIBIT B-8

UPPER PITTSGROVE TOWNSHIP BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

		SCHOLARSHIP TRUST
OPERATING REVENUES		
Local Sources		
Contributions	$	237
Interest on Investments		9
Total Operating Revenues		246
OPERAING EXPENDITURES		
Awards		500
Total Operating Expenditures		500
Change in net assets		(254)
Net assets—beginning of the year		16,802
Net assets—end of the year	$	16,548

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The District serves an area of forty square miles. It is located in Salem County and provided education for all of Upper Pittsgrove Township's grades Pre-Kindergarten through Grade 8. The year ended with an enrollment 391 students.

A. Reporting Entity:

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

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

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

In addition, the school district has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*.

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

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

A. Basis of Presentation:

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

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

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

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses-expenses of the District related to the administration and support of the District's programs, such as personnel and accounting-are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

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

B. Fund Accounting:

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

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

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

B. Fund Accounting (Cont'd):

GOVERNMENTAL FUND TYPE

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

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

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

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

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

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

PROPRIETARY FUNDS

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

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

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

B. Fund Accounting (Cont'd):

PROPRIETARY FUNDS (CONT'D)

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

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

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

Equipment	12 Years

FIDUCIARY FUNDS

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

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

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The Board approved $500 in scholarship awards in 2009-2010.

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

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

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

FIDUCIARY FUNDS (CONT'D)

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

C. Basis of Accounting and Measurement Focus:

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

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

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

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

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

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

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. 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. 6:20-2A.2 (m) 1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

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

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

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

E. Encumbrances Accounting:

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

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

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

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

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

F. Assets, Liabilities and Equity:

Transactions

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

Inventories

On district-wide financial statements and in the Enterprise Fund, inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expended when used. This includes Federal Commodity Food in the amount of $3,849. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2010.

Inventory in the Food Service Fund at June 30, 2010 consisted of the following:

Food	$ 4,927
Supplies	620
	$ 5,547

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

Capital Assets - The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The District does not possess any infrastructure. The capitalization threshold used by Districts in the State of New Jersey is $2,000.00.

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

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

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

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

F. Assets, Liabilities and Equity (Cont'd):

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

G. Compensated Absences:

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

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

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

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

H. Accrued Liabilities and Long-term Obligations:

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

I. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

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

J. Fund Balance Reserves:

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

K. Operating Revenues and Expenses:

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

L. Allocation of Indirect Expenses:

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

M. Extraordinary and Special Items:

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

N. Management Estimates:

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

O Deferred Revenue:

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

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

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

P. Fund Equity:

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

Q. Comparative Data/Reclassifications:

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

R. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

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

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

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

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

Deposits:

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

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

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

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

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

Investments:

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

a. Bonds or other obligations of the Unites States or obligations guaranteed by the United States.

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

c. Bonds of other obligations of the school district.

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

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

As of June 30, 2010, cash and cash equivalents in the fund financial statements of the District consisted of the following:

		Cash and Cash Equivalents
Checking accounts	$	406,426
Certificates of Deposit		16,708
Total	$	423,134

Custodial Credit Risk

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

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

As of June 30, 2010, $554,624 of the districts bank balance of $804,624 was uninsured, exposed to custodial credit risk and collateralized by GUDPA.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facility Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the support costs of uncompleted projects in its approved LRFP. During the 2005-06 school year, $24,749 was appropriated as an addition to the capital reserve account. In addition, there was $435 in interest earnings in 2005-06, $1,133 in 06-07, $921 in 07-08, $409 in 08-09 and $225 in 09-10 resulting in a balance at June 30, 2010 of $27,872.

The June 30, 2010 LFRP balance of local support costs of uncompleted capital projects at June 30, 2010 is $476,319. There were no withdrawals from the capital reserve for use in a DOE approved facilities project during the 2009-10 School Year.

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Adjustments	Retirements	Ending Balance
Governmental Activities					
Land - Capital Assets not depreciated	$ 781,429				$ 781,429
Facility and Improvements	6,743,616				6,743,616
Transportation	314,744	$ 162,950			477,694
Machinery and equipment	581,136				581,136
Totals at Historical Cost	7,639,496	162,950			7,802,446
Less Accumulated Depreciation	(4,041,933)	(229,904)			(4,271,837)
	3,597,563	(66,954)			3,530,609
Government Activities - Capital Assets, Net	$ 4,378,992	$ (66,954)			$ 4,312,038
Business-type Activities					
Equipment	$ 132,418				$ 132,418
Accumulated Depreciation	(110,040)	$ (4,973)			(115,013)
Business-type activities capital assets, net	$ 22,378	$ (4,973)			$ 17,405

Depreciation was chartged to Governmental Functions as follows:

Unallocated	$ 229,904

NOTE 6. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2010, the following changes occurred in long-term obligations:

	Beginning Balance	Additions	Reductions	Adjustments	Ending Balance	Amounts Due within One Year	Long Term Portion
Governmental Activities:							
Bonds payable:							
General obligation debt	$ 1,960,000	$ -	$ (415,000)	$ -	$ 1,545,000	$ 440,000	$ 1,105,000
Total bonds payable	1,960,000		(415,000)		1,545,000	440,000	1,105,000
Other Liabilities:							
Obligations under Capital Leases	276,689	162,950	(69,127)	9,621	380,133	78,591	301,542
Compensated absences Payable	77,966	30,568			108,534	17,066	91,468
Total other liabilities	$ 2,314,655	$ 193,518	$ (484,127)	$ 9,621	$ 2,033,667	$ 535,657	$ 1,498,010

To A-1

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 6. GENERAL LONG-TERM DEBT (CONT'D)

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

Principal and interest due on bonds outstanding is as follows:

Year ending June 30,	Principal	Interest	Total
2011	$ 440,000	$ 65,812	$ 505,812
2012	450,000	46,903	496,903
2013	460,000	27,560	487,560
2014	60,000	7,800	67,800
2015	65,000	5,400	70,400
2016	70,000	2,800	72,800
	$ 1,545,000	$ 156,275	$ 1,701,275

B. Bonds Authorized But Not Issued -- As of June 30, 2010, the District had no authorized but not issued bonds.

C. Capital Leases – The District is leasing transportation equipment under capital leases. The leases are for terms of two to five years with interest rates ranging from 4.28% to 5.50%. The following schedule details the future minimum lease payments and the net minimum lease payments at June 30, 2010.

Year ending June 30,	Principal	Interest	Total
2011	$ 78,591	$ 18,312	$ 96,903
2012	68,856	16,431	85,287
2013	71,499	11,502	83,001
2014	38,946	8,064	47,010
2015	39,651	5,980	45,631
2016	41,839	3,792	45,631
2017	24,054	1,830	25,884
2018	16,697	888	17,585
	$ 380,133	$ 66,799	$ 446,932

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 7. PENSION PLANS

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

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

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

Significant Legislation - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets.

Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced. Chapter 415, P.L. 1999 provides for a reduction in this rate of 3% for the calendar years 2000 and 2001 and for a contribution rate reduction of up to 2% of compensation in future colander years if the State Treasurer determines that excess valuation assets will be used to reduce the normal contributions made to the system by the State and local employers in a fiscal year beginning immediately prior to a colander year. Where a contribution is required from the Board of Education, the board is billed annually for its normal contribution plus any accrued liability. There is no accrued liability for the Public Employees' Retirement System as of June 30, 2010 since the requirements were fully funded by the State of New Jersey.

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 7. PENSION PLANS (CONT'D)

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

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/10	$ 42,568	100%	$ 42,568
6/30/09	41,761	50%	23,189
6/30/08	40,583	80%	32,466

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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/10	$ 139,830	100%	$ 0
6/30/09	130,404	100%	0
6/30/08	359,842	100%	0

NOTE 7. PENSION PLANS (CONT'D)

During the fiscal year ended June 30, 2010, the State of New Jersey contributed $7,069 to the TPAF for non-contributory insurance, $132,761 in post-retirement benefits and deferred the entire normal contribution on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District $160,634 during the year ended June 30, 2010 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund schedules as a revenue and expenditure in accordance with GASB 27.

NOTE 8. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 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 Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2009 the State paid $116.9 million toward Chapter 126 benefits for 13,320 eligible retired members.

NOTE 9. DEFERRED COMPENSATION

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

Lincoln Investment Planning, Inc. and Oppenheimer Funds

NOTE 10. RISK MANAGEMENT

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

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

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 10. RISK MANAGEMENT (CONT'D)

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

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

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

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 65,818	
Special Revenue Fund		$ 65,818
Total	$ 65,818	$ 65,818

NOTE 12. FUND BALANCE APPROPRIATED

General Fund - Of the $415,214 General Fund balance at June 30, 2010, $69,326 is reserved for encumbrances; $27,872 has been reserved for Capital Reserve; $385,286 is reserved as Excess Surplus at June 30, 2010, of which $73,091 has been appropriated and included as anticipated revenue for the year ending June 30, 2010; $0 has been appropriated and included as anticipated revenue for the year ended June 30, 2010; and ($67,270) represents a deficit in unreserved and Undesignated fund balance.

Debt Service Fund – The Debt Service fund had fund balance at June 30, 2010 of $1,800, which will be appropriated and included as anticipated revenue for the year ending June 30, 2011.

NOTE 13. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2005, c.73 (S1701), the designation for Reserved Fund Balance -- Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2010 to be anticipated in the 2011-12 budget is $312,195. Pursuant to the provisions of Executive Order No. 14, $0 of that amount was approved by the Commissioner of the Department of Education for withdrawal to address any budget shortfall in the general fund account group due to the 2009-10 withholding of state aid.

NOTE 14. LITIGATION

The District is from time to time involved in claims and lawsuits incidental to its operations. Per confirmation by the District's legal counsel, there are no pending litigations, claims, assessments of contingent liability against the District.

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 15. DEFICIT FUND BALANCES

The District has deficit fund balances of $67,270 in the General fund and $1,650 in the Special Revenue Fund as of June 30, 2010, as reported in the fund statements (modified accrual basis). P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last two state aid payments in the subsequent fiscal year, the district cannot recognize those state aid payments on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the deficits do not alone indicate that the district is facing financial difficulties. There was no deficit in the General Fund. The Special Revenue Fund deficit of $1,650 is equal to the 19th and 20th payments received in July 2010.

NOTE 16. OPERATING LEASE

The District entered into a lease agreement in the amount of $14,006.52 for a Student Data Software Program. The terms of the lease are three years with interest at 4.5%. The following schedule details the future minimum lease payments.

2010	$ 3,890.70
2011	4,668.84
2012	4,668.84
2013	778.14

End of Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

EXHIBIT C-1
(1)

UPPER PITTSGROVE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	$ 3,477,394	$	$ 3,477,394	$ 3,477,394	$
Tuition from Individuals	9,450		9,450	12,627	3,177
Tuition - Preschool				28,761	28,761
Tuition from Other LEA's				22,181	22,181
Transportation	47,000		47,000	32,689	(14,311)
Interest on Investments				2,030	2,030
Interest on Capital Reserve Account	225		225	225	
Rentals	32,600	-	32,600	31,151	(1,449)
Total Local Sources	3,566,669	-	3,566,669	3,607,058	40,389
State Sources:					
Equalization Aid	2,434,228	(441,681)	1,992,547	1,992,547	
Special Education Aid	272,514		272,514	272,514	
Transportation Aid	323,183		323,183	322,255	(928)
Security Aid	48,319		48,319	48,319	
Adjustment Aid	231,537		231,537	150,499	(81,038)
Nonpublic Transportation Aid				5,154	5,154
On-Behalf TPAF Non-Contributory Insurance (non-budgeted)				7,069	7,069
On-Behalf TPAF Postretirement Medical Contribution (non-budgeted)				132,761	132,761
Reimbursed TPAF Social Security (non-budgeted)				160,634	160,634
Total State Sources	3,309,781	(441,681)	2,868,100	3,091,752	223,652
Federal Sources:					
ARRA - ESF		425,220	425,220	425,220	
ARRA - GSF		16,461	16,461	16,461	
		441,681	441,681	441,681	
TOTAL REVENUES	$ 6,876,450	$	$ 6,876,450	$ 7,140,491	$ 264,041

EXHIBIT C-1
(2)

UPPER PITTSGROVE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Adjustments Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Salaries of Teachers:					
Preschool	$ 31,610	$ (417)	$ 31,193	$ 31,193	$
Kindergarten	157,619	437,113	594,732	594,732	
Grades 1-5	756,289	(460,327)	295,962	295,962	
Grades 6-8	425,729	33,035	458,764	458,764	
Regular Programs - Home Instruction					
Salaries of Teachers:					
Purchased Professional/Educational Services	31,500	15,277	46,777	46,777	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	65,658	(46,168)	19,490	19,490	
Purchased Technical Services	5,500	(3,101)	2,399	2,304	95
Other Purchased Services	23,350	3,201	26,551	26,551	
General Supplies	33,638	74,698	108,336	77,085	31,251
Textbooks	5,887	(1,365)	4,522	4,447	75
Total Regular Programs - Instruction	1,536,780	51,946	1,588,726	1,557,305	31,421
Special Education - Instruction					
Resource Room/Resource Center					
Salaries of Teachers	372,952	(33,842)	339,110	301,763	37,347
Other Salaries for Instruction	42,537	33,061	75,598	75,598	
General Supplies		463	463	457	6
Total Learning and Language Disabilities	415,489	(318)	415,171	377,818	37,353
Total Special Education	415,489	(318)	415,171	377,818	37,353
Basic Skills/Remedial - Instruction					
Salaries of Teachers	66,666	(1,935)	64,731	55,454	9,277
Total Basic Skills/Remedial - Instruction	$ 66,666	$ (1,935)	$ 64,731	$ 55,454	$ 9,277

EXHIBIT C-1
(3)

UPPER PITTSGROVE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Adjustments Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES: (Continued)					
Bilingual Education - Instruction					
Salaries of Teachers	$ 49,982	$	$ 49,982	$ 49,504	$ 478
Total Bilingual Education - Instruction	49,982		49,982	49,504	478
School Sponsored Co/Extra - Curricular Activities -Instruction					
Salaries	15,000	5,135	20,135	15,857	4,278
Supplies and Materials	500	(154)	346	87	259
Other Objects		216	216	216	
Total School Sponsored Co/Extra Curricular Activities	15,500	5,197	20,697	16,160	4,537
School Sponsored Athletic Activities					
Salaries	15,000	(6,462)	8,538	8,538	
Purchased Services	2,000	1,265	3,265	3,265	
Supplies and Materials	2,500		2,500	50	2,450
Other Objects	300		300		300
Total School Sponsored Athletic Activities	19,800	(5,197)	14,603	11,853	2,750
Total Instruction	2,104,217	49,693	2,153,910	2,068,094	85,816
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State - Regular	1,807,728	(1)	1,807,727	1,807,727	
Tuition to Other LEAs Within State - Special	121,500		121,500	112,436	9,064
Tuition to CSSD and Regional Day Schools	272,215	(31,415)	240,800	88,052	152,748
Tuition to Private Schools/Disabled Within State	45,162	31,416	76,578	76,578	
Total Undistributed Expenditures - Instruction	2,246,605		2,246,605	2,084,793	161,812
Attendance and Social Worker Services					
Salaries	11,160	(210)	10,950	10,731	219
Total Attendance and Social Worker Services	11,160	(210)	10,950	10,731	219
Health Services					
Salaries	70,970	330	71,300	71,300	
Purchased Professional and Technical Services	4,500	(309)	4,191	3,513	678
Supplies and Materials	650	104	754	750	4
Other Objects		85	85	85	
Total Health Services	$ 76,120	$ 210	$ 76,330	$ 75,648	$ 682

EXHIBIT C-1
(4)

UPPER PITTSGROVE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES: (Continued)					
Other Support Services Students - Related Services					
Salaries	$ 66,138	$ (1,471)	$ 64,667	$ 64,397	$ 270
Purchased Professional /Educational Services	64,500	(7,452)	57,048	51,752	5,296
Total Related Services	130,638	(8,923)	121,715	116,149	5,566
Extraordinary Services					
Salaries	13,175	39,886	53,061	46,411	6,650
Purchased Professional/Educational Services	156,376	(58,265)	98,111	98,111	
Total Extraordinary Services	169,551	(18,379)	151,172	144,522	6,650
Other Support Services Students -Regular					
Salaries of Other Professional Staff	51,230		51,230	50,720	510
Purchased Professional/Educational Services	750		750	750	
Total Other Support Services Students - Regular	51,980		51,980	51,470	510
Other Support Services Student - Special					
Salaries of Secretarial and Clerical Assistants	11,623	(7,153)	4,470	4,470	
Other Purchased Prof. And Tech. Services	1,000	(575)	425	425	
Supplies and Materials	400	365	765	765	
Total Other Support Services Students - Special	13,023	(7,363)	5,660	5,660	
Improvement and Instructional Services					
Salaries of Other Professional Staff					
Other Salaries					
Total Improvement of Instructional Services					
Educational Media Services/School Library					
Salaries	14,008	(6,611)	7,397	7,279	118
Purchased Professional and Technical Services	750	(344)	406	249	157
Other Purchased Services	2,500	(18)	2,482	2,342	140
Total Educational Media/School Library	$ 17,258	$ (6,973)	$ 10,285	$ 9,870	$ 415

EXHIBIT C-1
(5)

UPPER PITTSGROVE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES: (Continued)					
Instructional Staff Training Services					
Other Prof/Tech Services	$	$ 150	$ 150	$ 150	$
Other Purchased Services	5,000	(150)	4,850	3,061	1,789
Total Instructional Staff Training Services	5,000		5,000	3,211	1,789
Support Services General Administration					
Salaries	33,167	6,829	39,996	39,996	
Legal Services	7,000	2,361	9,361	9,361	
Audit Fees	8,500	1,350	9,850	9,850	
Other Purchased Professional Services	81,660	4,017	85,677	85,677	
Purchased Technical Services		1,159	1,159	1,159	
Communications/Telephone	30,000	(3,292)	26,708	24,223	2,485
Other Purchased Services	15,379	(1,184)	14,195	14,121	74
General Supplies	5,000	435	5,435	4,867	568
Miscellaneous Expenditures					
BOE Membership Dues and Fees	7,500		7,500	5,312	2,188
Total Support Services General Administration	188,206	11,675	199,881	194,566	5,315
Support Services School Administration					
Salaries of Principals/ Assistant Principals	106,121	(1,524)	104,597	104,597	
Salaries of Secretarial and Clerical Assistants	36,943	2,545	39,488	39,488	
Other Salaries	3,000	(722)	2,278	2,278	
Purchased Prof. And Tech. Services	7,669	1,750	9,419	9,419	
Other Purchased Services	1,000	(592)	408	408	
Supplies and Materials	3,000	5,171	8,171	7,919	252
Other Objects	1,500	475	1,975	1,975	
Total Support Service School Administration	159,233	7,103	166,336	166,084	252
Central Services					
Salaries					
Purchased Professional Services	104,000		104,000	104,000	
Purchased Technical Services	12,000	325	12,325	12,325	
Supplies and Materials	3,500	1,392	4,892	4,707	185
Interest on Lease Purchase Agreement	6,902	(1)	6,901	6,901	
Miscellaneous Expenditures	100	(25)	75	75	
Total Central Services	$ 126,502	$ 1,691	$ 128,193	$ 128,008	$ 185

EXHIBIT C-1
(6)

UPPER PITTSGROVE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES: (Continued)					
Required Maintenance of School Facilities					
Cleaning, Repair and Maintenance Services	$ 32,650	$ (8,417)	$ 24,233	$ 24,233	$
General Supplies	1,500	(838)	662	662	
Other Objects		166	166	166	
Total Required Maintenance of School Facilities	34,150	(9,089)	25,061	25,061	
Other Operations and Maintenance of Plant Services					
Salaries	146,329	2,058	148,387	148,196	191
Cleaning, Repair and Maintenance Services	20,000	23,823	43,823	34,432	9,391
Insurance	43,243	3,553	46,796	46,796	
General Supplies	15,000	17,058	32,058	19,833	12,225
Energy - Natural Gas		2,785	2,785	2,785	
Energy - Electricity	112,000	(14,005)	97,995	97,995	
Total Other Operations and Maintenance of Plant Services	336,572	35,272	371,844	350,037	21,807
Student Transportation Services					
Salaries for Pupil Trans (Between Home/School) - Regular	179,943	(22,494)	157,449	147,753	9,696
Salaries for Pupil Trans (Between Home/School) - Special	27,814	(151)	27,663	22,616	5,047
Salaries for Pupil Trans (Other than Between Home/School)		6,693	6,693	2,453	4,240
Cleaning, Repair and Maintenance Services	40,000		40,000	22,191	17,809
Lease Purchase Payments - School Buses	9,684	3,588	13,272	13,272	
Contract Services (Between Home/School) - Jointure	8,000	(4,959)	3,041	2,595	446
Contract Services (Special Education Stds) - Joint Agrmts	4,500	13,168	17,668	17,668	
Contract Services (Special Education Stds) - ESC's & CTSA's	60,000	(27,295)	32,705	30,354	2,351
Contract Services - Aid in Lieu Payments - Non pub School	45,700	10,606	56,306	52,230	4,076
Miscellaneous Purchased Services - Transportation	8,500	(5,600)	2,900	2,900	
Supplies and Materials	60,000	1,882	61,882	55,511	6,371
Total Student Transportation Services	$ 444,141	$ (24,562)	$ 419,579	$ 369,543	$ 50,036

EXHIBIT C-1
(7)

UPPER PITTSGROVE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES: (Continued)					
Employee Benefits					
Social Security Contributions	$ 58,000	$	$ 58,000	$ 57,031	$ 969
Other Retirement Contributions - Regular	55,000	802	55,802	54,402	1,400
Unemployment Compensation	10,000	3,451	13,451	8,559	4,892
Workmen's Compensation	45,384	(2,183)	43,201	43,201	
Health Benefits	602,576	17,790	620,366	577,045	43,321
Tuition Reimbursements	7,000	3,333	10,333	9,206	1,127
Other Employee Benefits	25,000	(3,398)	21,602	21,602	
Total Employee Benefits	802,960	19,795	822,755	771,046	51,709
On-Behalf TPAF Pension Contribution (non-budgeted)				7,069	(7,069)
On-Behalf TPAF Postretirement Contribution (non-budgeted)				132,761	(132,761)
Reimbursed TPAF Social Security (non-budgeted)				160,634	(160,634)
Total On-Behalf Contributions				300,464	(300,464)
Total Undistributed Expenditures	4,813,099	247	4,813,346	4,806,863	6,483
Total Expenditures - Current Expense	6,917,316	49,940	6,967,256	6,874,957	92,299
Capital Outlay					
Interest Deposit to Capital Reserve	225		225		225
Equipment					
Undistributed Expenditures:					
Central Services - Equipment		3,364	3,364		3,364
Lease Purchase Agreements - Principal	59,691	13,200	72,891	53,773	19,118
Total Equipment	59,916	16,564	76,480	53,773	22,707
Facilities Acquisitions and Construction Services					
Construction Services					
Lease Purchase Agreements - Principal	11,030		11,030	11,030	
Total Facilities Acquisitions and Construction Services	11,030		11,030	11,030	
Assets Acquired Under Capital Leases (non - budgeted)					
Undistributed Expenditures					
Transportation - Buses				162,950	(162,950)
Machinery and Equipment					
Total Assets Acquired Under Capitol Leases (non - budgeted)				162,950	(162,950)
Total Capital Outlay	70,946	16,564	87,510	227,753	(140,243)
Total Expenditures	$ 6,988,262	$ 66,504	$ 7,054,766	$ 7,102,710	$ (47,944)

EXHIBIT C-1
(8)

UPPER PITTSGROVE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES: (Continued)					
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (111,812)	$ (66,504)	$ (178,316)	$ 37,781	$ 216,097
Other Financing Sources (Uses):					
Capital Lease Proceeds				162,950	162,950
Total Other Financing Sources (Uses)				162,950	162,950
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(111,812)	(66,504)	(178,316)	200,731	379,047
Fund Balances, July 1	536,907		536,907	536,907	
Fund Balances, June 30	$ 425,095	$ (66,504)	$ 358,591	$ 737,638	$ 379,047

RECAPITULATION :

Reserved:	
Encumbrances	$ 69,326
Capital Reserve	27,872
Excess Surplus	312,195
Excess Surplus - Designated for Subsequent Year's Expenditures	73,091
Unreserved:	
Designated for Subsequent Year's Expenditures	
Unrestricted Fund Balance	255,154
	737,638
Reconciliation to Governmental Funds Statements (GAAP):	
Last State Aid Payment not Recognized on GAAP Basis	(322,424)
Fund Balance per Governmental Funds (GAAP)	$ 415,214

EXHIBIT C-1B

UPPER PITTSGROVE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
ARRA SUPPLEMENTARY SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Fund 16					
Regular Programs-Instruction					
Grades 1-5-Salaries for Teachers	$	$ 425,220	$ 425,220	$ 425,220	$
Total General Current Expense - Fund 16		425,220	425,220	425,220	
Fund 17					
Regular Programs-Instruction					
Grades 1-5-Salaries for Teachers		16,461	16,461	16,461	
Total General Current Expense - Fund 17		16,461	16,461	16,461	
TOTAL EXPENDITURES - ARRA	$	$ 441,681	$ 441,681	$ 441,681	$

EXHIBIT C-2

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES					
Federal Sources	$ 189,212	$ 156,049	$ 345,261	$ 286,979	$ (58,282)
State Sources	16,500	1,000	17,500	17,500	
Total Revenues	205,712	157,049	362,761	304,479	(58,282)
EXPENDITURES					
Instruction					
Salaries of Teachers	83,236	67,237	150,473	125,322	25,151
Other Purchased Services	122,476	(105,495)	16,981	16,981	
Supplies and Materials		18,186	18,186	13,811	4,375
Total Instruction	205,712	(20,072)	185,640	156,114	29,526
Support Services					
Personal Services - Employee Benefits		19,353	19,353	17,794	1,559
Purchased Prof/Technical Services		151,557	151,557	129,095	22,462
Other Purchased Services		5,804	5,804	1,069	4,735
Supplies and Materials		407	407	407	
Total Support Services		177,121	177,121	148,365	28,756
Facilities Acquisition and Construction Services					
Instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	205,712	157,049	362,761	304,479	58,282
Excess (Deficiency) of Revenues Over (Under) Expenditures	$	$	$	$	$

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT C-3

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
BUDGET-TO-GAAP RECONCILIATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the Budgetary Comparison Schedule	**[C-1]**	$ 7,140,491	**[C-2]**	$ 304,479
Difference - Budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
Encumbrances; June 30, 2009				1,229
Encumbrances; June 30, 2010				
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.				
State aid payment recognized for budgetary purposes, not recognized for GAAP statements				
State Aid Payment; June 30, 2009		316,101		1,650
State Aid Payment; June 30, 2010		(322,424)		(1,650)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	**[B-2]**	$ 7,134,168	**[B-2]**	$ 305,708
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	**[C-1]**	$ 7,102,710	**[C-2]**	$ 304,479
Differences - Budget to GAAP:				
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.				
Encumbrances; June 30, 2009				1,229
Encumbrances; June 30, 2010				-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	**[B-2]**	$ 7,102,710	**[B-2]**	$ 305,708

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

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

EXHIBIT E-1
(1)

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2009)

	NO CHILD LEFT BEHIND						I.D.E.A. PART B		SUBTOTAL PER	TOTAL	
	TITLE I PART A 2009-10	TITLE I PART A C/O	TITLE II PART A	TITLE II PART A C/O	TITLE II PART D	TITLE IV	BASIC	Pre-SCHOOL	E-1(2)	2010	2009
REVENUES											
Federal Sources	$ 54,207	$ 2,672	$ 14,174	$ 32	$ 543	$ 882	$ 122,878	$ 3,849	$ 87,742	$ 286,979	$ 231,882
State Sources									17,500	17,500	17,500
Total Revenues	54,207	2,672	14,174	32	543	882	122,878	3,849	105,242	304,479	249,382
EXPENDITURES											
Instruction											
Salaries of Teachers	42,900		11,500						70,922	125,322	69,949
Other Purchased Services						600	6,232		10,149	16,981	42,441
Supplies and Materials				32		282			13,497	13,811	2,276
Total Instruction	42,900		11,500	32		882	6,232		94,568	156,114	114,666
Support Services											
Personal Services - Employee Benefits	8,597		2,300						6,897	17,794	13,141
Purchased Professional/Technical Services	2,710	2,672					116,646	3,849	3,218	129,095	115,861
Other Purchased Services			374		136				559	1,069	5,380
Supplies and Materials					407					407	334
Total Support Services	11,307	2,672	2,674		543		116,646	3,849	10,674	148,365	134,716
Facilities Acquisition											
Instructional Equipment											
Total Facilities Acquisition											
Total Expenditures	$ 54,207	$ 2,672	$ 14,174	$ 32	$ 543	$ 882	$ 122,878	$ 3,849	$ 105,242	$ 304,479	$ 249,382

EXHIBIT E-1
(2)

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2009)

	Preschool Education	Rebel2	REAP	TITLE I ARRA	IDEA ARRA	TOTAL
REVENUES						
Federal Sources	$	$	$ 7,480	$ 14,093	$ 66,169	$ 87,742
State Sources	16,500	1,000				17,500
Total Revenues	16,500	1,000	7,480	14,093	66,169	105,242
EXPENDITURES						
Instruction						
Salaries of Teachers	16,500	884		13,000	40,538	70,922
Other Purchased Services			2,149		8,000	10,149
Supplies and Materials		116	5,331	93	7,957	13,497
Total Instruction	16,500	1,000	7,480	13,093	56,495	94,568
Support Services						
Personal Services - Employee Benefits				1,000	5,897	6,897
Purchased Professional/Technical Services					3,218	3,218
Other Purchased Services					559	559
Supplies and Material						
Total Support Services				1,000	9,674	10,674
Facilities Acquisition						
Instructional Equipment						
Total Facilities Acquisition						
Total Expenditures	$ 16,500	$ 1,000	$ 7,480	$ 14,093	$ 66,169	$ 105,242

EXHIBIT E-2

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

District-wide Totals

	Budgeted	Actual	Variance
EXPENDITURES:			
Instruction:			
Salaries of Teachers	$ 16,500	$ 16,500	$
Total Instruction	16,500	16,500	
Support Services:			
Total Support Services			
Total Expenditures	$ 16,500	$ 16,500	$

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2009-10 Preschool Education Aid Allocation	$ 16,500	(1)
Add: Actual ECPA Carryover (June 30, 2009)		(2)
Add: Budgeted Transfer from the General Fund 2009-10		(3)
Total Preschool Education Aid Funds Available for 2009-09 Budget	16,500	(4)
Less: 2009-10 Budgeted Preschool Education Aid (including Prior year budget carryover)	16,500	(5)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2010	-	(6)
Add: June 30, 2010 Unexpended Preschool Education Aid	-	(7)
2009-10 Carryover -Preschool Education Aid/Preschool	$ 0	(8)
2009-09 Preschool Education Aid Carryover Budgeted for Preschool Programs 2010-11	$	(9)

PROPRIETARY FUND DETAIL STATEMENTS

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

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

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

EXHIBIT G-1

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010 AND 2009

	FOOD SERVICE FUND	SCHOOL CARE	TOTAL 2010	TOTAL 2009
ASSETS				
Current Assets				
Cash and Cash Equivalents	$ (989)	$ 9,066	$ 8,077	$ 9,745
Accounts Receivable		10	10	
State	367		367	622
Federal	6,525		6,525	10,612
Other				279
Inventories	5,548		5,548	5,792
Total Current Assets	11,451	9,076	20,527	27,050
Fixed Assets				
Equipment	132,418		132,418	132,418
Accumulated Depreciation	(115,013)		(115,013)	(110,040)
Total Fixed Assets	17,405		17,405	22,378
Total Assets	$ 28,856	$ 9,076	$ 37,932	$ 49,428
LIABILITIES				
Current Liabilities				
Accounts Payable	$	$	$	$ 531
Due to Management Company	6,344		6,344	6,135
Deferred Revenue	3,849		3,849	4,003
Total Liabilities	10,193		10,193	10,669
NET ASSETS				
Unrestricted	18,663	9,076	27,739	38,759
Total Net Assets	18,663	9,076	27,739	38,759
Total Liabilities and Fund Equity	$ 28,856	$ 9,076	$ 37,932	$ 49,428

EXHIBIT G-2

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

	FOOD SERVICE FUND	SCHOOL CARE	TOTAL 2010	TOTAL 2009
OPERATING REVENUES				
Local Sources				
Daily Sales				
Reimbursable Programs	$ 61,254	$	$ 61,254	$ 61,995
Non-Reimbursable Programs	8,152		8,152	8,507
Special Functions	360		360	284
Program Fees		33,014	33,014	33,410
Total Operating Revenue	69,766	33,014	102,780	104,196
OPERATING EXPENSES				
Labor	48,971	28,024	76,995	74,300
Depreciation	4,973		4,973	8,067
Cost of Sales	48,797		48,797	47,255
Supplies and Materials	4,589	4,888	9,477	8,191
Management Fee	8,500		8,500	8,500
Other	7,144	253	7,397	7,953
Total Operating Expenses	122,974	33,165	156,139	154,266
Operating Income (Loss)	(53,208)	(151)	(53,359)	(50,070)
NON-OPERATING REVENUES				
State Sources				
State School Lunch Program	1,940		1,940	2,037
Federal Sources				
National School Lunch Program	34,465		34,465	34,683
Food Distribution Program	10,402		10,402	10,370
Interest	22	22	44	77
Total Non-Operating Revenues	46,829	22	46,851	47,167
Net Income (Loss) Before Operating Transfers	(6,379)	(129)	(6,508)	(2,903)
Prior Year Revenue Adjustment	(4,512)		(4,512)	
Net (Loss) Income	(10,891)	(129)	(11,020)	(2,903)
Net Assets - July 1	29,554	9,205	38,759	41,662
Net Assets - June 30	$ 18,663	$ 9,076	$ 27,739	$ 38,759

EXHIBIT G-3

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2010 AND 2009

	FOOD SERVICE FUND	SCHOOL CARE	TOTAL 2010	TOTAL 2009
Cash Flows from Operating Activities				
Operating Income (Loss)	$ (53,208)	$ (151)	$ (53,359)	$ (50,070)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities				
Food Distribution Program	10,402		10,402	10,370
Depreciation	4,973		4,973	8,067
Change in Assets and Liabilities				
(Increase) Decrease in Inventory	244		244	(1,283)
(Increase) Decrease in Accounts Receivable	4,621	(10)	4,611	(6,508)
Increase (Decrease) in Deferred Revenue	(154)		(154)	1,869
Increase (Decrease) in Payables	209	(531)	(322)	2,122
Net Cash Provided (Used) by Operating Activities	(32,913)	(692)	(33,605)	(35,433)
Cash Flows from Noncapital Financing Activities				
Cash Received from State and Federal Reimbursements	36,405		36,405	36,720
Operating transfer to General Fund				
Net Interfunds				
Prior Year Revenue Adjustment	(4,512)		(4,512)	
Net Cash Provided (Used) by Noncapital Financing Activitie	31,893		31,893	36,720
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets				
Net Cash Provided (Used) by Capital and Related Financing Activities				
Cash Flows from Investing Activities				
Interest on Investments	22	22	44	77
Net Cash Provided (Used) by Investing Activities	22	22	44	77
Net Increase (Decrease) in Cash and Cash Equivalents	(998)	(670)	(1,668)	1,364
Cash and Cash Equivalents - July 1	9	9,736	9,745	8,381
Cash and Cash Equivalents - June 30	$ (989)	$ 9,066	$ 8,077	$ 9,745

FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

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

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

EXHIBIT H-1

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2009)

		AGENCY		TOTAL	
	SCHOLARSHIP TRUST	STUDENT ACTIVITY	PAYROLL	2010	2009
ASSETS					
Cash and Cash Equivalents	$ 1,548	$ 12,372	$ 6,896	$ 20,816	$ 25,606
Investments	15,000	1,708		16,708	16,660
Due from General Fund		260		260	1,000
Total Assets	16,548	14,340	6,896	37,784	43,266
LIABILITIES					
Due to General Fund			2,841	2,841	828
Deductions Payable			4,055	4,055	4,721
Due to Student Groups		14,340		14,340	20,915
Total Liabilities		14,340	6,896	21,236	26,464
NET ASSETS					
Reserved	16,548			16,548	16,802
Total Net Assets	$ 16,548	$ -	$ -	$ 16,548	$ 16,802

EXHIBIT H-2

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
SCHOLARSHIP TRUST
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

OPERATING REVENUES	
Local Sources	
Contributions	$ 237
Interest on Investments	9
Total Operating Revenue	246
OPERATING EXPENDITURES	
Awards	500
Total Operating Expenditures	500
Change in Net Assets	(254)
Net Assets - July 1, 2009	16,802
Net Assets - June 30, 2010	$ 16,548

EXHIBIT H-3

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Additions	Deletions	Accounts Payable	Balance June 30, 2010
ASSETS					
Cash and Cash Equivalents	$ 18,255	$ 44,027	$ 49,910	$	$ 12,372
Certificates of Deposit	1,660	48			1,708
Due from General Fund	1,000	260	1,000		260
Total Assets	$ 20,915	$ 44,335	$ 50,910	$	$ 14,340
LIABILITIES					
Interfund Accounts Payable	$	$	$	$	$
Due to Student Groups	20,915	44,335	50,910		14,340
Total Liabilities	$ 20,915	$ 44,335	$ 50,910	$	$ 14,340

EXHIBIT H-4

UPPER PITTSGROVE TOWNSHIP 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	$ 5,549	$ 3,190,069	$ 3,188,722	$ 6,896
Total Assets	$ 5,549	$ 3,190,069	$ 3,188,722	$ 6,896
LIABILITIES				
Interfunds Payable	$ 828	$ 2,841	$ 828	$ 2,841
Net Payroll Payroll Deductions and Withholdings	4,721	3,187,228	3,187,894	4,055
Total Liabilities	$ 5,549	$ 3,190,069	$ 3,188,722	$ 6,896

LONG-TERM DEBT SCHEDULES

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

EXHIBIT I-1

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
LONG TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

ISSUE	DATE OF ISSUE	ORIGINAL ISSUE	ANNUAL MATURITIES DATE	ANNUAL MATURITIES AMOUNT	INTEREST RATE	BALANCE June 30, 2009	ISSUED	RETIRED	BALANCE June 30, 2010
Refunding School Bonds	11/25/98	$ 3,945,000	1/1/11	$ 385,000	4.34%	$ 1,545,000	$	$ 365,000	$ 1,180,000
			1/1/12	395,000					
			1/1/13	400,000					
Various Repairs and Renovations	3/1/04	$ 625,000	3/1/2011-12	$ 55,000	4.00%	415,000		50,000	365,000
			3/1/2013-14	60,000					
			3/1/15	65,000					
			3/1/16	70,000					
						$ 1,960,000	$ -	$ 415,000	$ 1,545,000

EXHIBIT I-2

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
LONG TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

ISSUE	ORIGINAL ISSUE	INTEREST RATE	BALANCE June 30, 2009	Issued	Adjustment	Retired	BALANCE June 30, 2010
2004 School Bus	$ 59,275	4.43%	$ 18,010	$	$	$ 8,810	$ 9,200
2007 School Bus	176,900	4.28%	104,921			24,605	80,316
2009 School Bus	36,550	4.30%	30,522			6,331	24,191
2009 Solar Energy System	132,845	5.46%	123,236			11,030	112,206
2009 Power School	13,079	4.50%			9,621	4,324	5,297
2010 School Bus - 23 Passenger	78,890	5.50%		78,890		8,177	70,713
2010 School Bus-54 Passenger	84,060	5.50%		84,060		5,850	78,210
			$ 276,689	$ 162,950	$ 9,621	$ 69,127	$ 380,133

Capital Outlay	$ 53,773
School Administration - Software Cost	4,324
	$ 58,097

EXHIBIT I-3

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES					
Local Sources					
Local Tax Levy	$ 301,906	$	$ 301,906	$ 301,906	$
Total Local Sources	301,906		301,906	301,906	
State Sources					
Debt Service Aid	196,747		196,747	196,747	
Total State Sources	196,747		196,747	196,747	
Total Revenues	498,653		498,653	498,653	
EXPENDITURES					
Regular Debt Service					
Interest	83,653		83,653	83,653	
Redemption of Principal	415,000		415,000	415,000	
Total Regular Debt Service	498,653		498,653	498,653	
Total Expenditures	498,653		498,653	498,653	
Excess (Deficiency) of Revenue Over (Under) Expenditures					
Other Financing Sources (Uses)					
Fund Balance - July 1, 2008				1,800	
Fund Balance - June 30, 2010	$	$	$	$ 1,800	$

STATISTICAL SECTION

EXHIBIT J-1

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
Governmental Activities							
Invested in Capital Assets, net of related debt	$ 166,539	$ 996,454	$ 1,366,759	$ 1,794,816	$ 1,924,706	$ 2,142,303	$ 2,386,905
Restricted	629,170	986,097	476,278	145,399	98,804	210,900	413,308
Unrestricted	15,495	(74,298)	(77,164)	56,612	5,307	(94,932)	(127,644)
Total Governmental Activities Net assets	$ 811,204	$ 1,908,253	$ 1,765,873	$ 1,996,827	$ 2,028,817	$ 2,258,271	$ 2,672,569
Business-Type Activities							
Invested in Capital Assets, net of related debt	$ 55,412	$ 49,916	$ 52,724	$ 44,238	$ 30,445	$ 22,378	$ 17,405
Restricted							
Unrestricted	67,274	98,403	52,240	22,192	11,217	16,381	10,334
Total Business-Type Activities Net Assets	$ 122,686	$ 148,319	$ 104,964	$ 66,430	$ 41,662	$ 38,759	$ 27,739
District-Wide							
Invested in Capital Assets, net of related debt	$ 221,951	$ 1,046,370	$ 1,419,483	$ 1,839,054	$ 1,955,151	$ 2,164,681	$ 2,404,310
Restricted	629,170	986,097	476,278	145,399	98,804	210,900	413,308
Unrestricted	82,769	24,105	(24,924)	78,804	16,524	(78,551)	(117,310)
Total District-Wide Net Assets	$ 933,890	$ 2,056,572	$ 1,870,837	$ 2,063,257	$ 2,070,479	$ 2,297,030	$ 2,700,308

Source: CAFR Schedule A-1

EXHIBIT J-2

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
Expenses							
Governmental activities							
Instruction							
Regular	$ 1,457,639	$ 1,727,221	$ 1,406,014	$ 1,563,390	$ 1,629,796	$ 1,607,999	$ 1,714,229
Special Education	472,109	431,522	340,686	339,636	363,080	356,273	377,818
Other Special Education	35,177	73,152	135,989	155,123	187,018	147,793	132,971
Support Services							
Tuition	2,162,816	2,071,153	1,776,065	1,906,303	2,229,523	2,031,193	2,084,793
Student and Instruction Related Services	520,835	345,134	443,024	452,727	364,290	516,604	548,251
General Administrative Services	454,845	162,389	213,357	202,363	196,482	192,050	194,566
School Administrative Services	94,437	177,456	138,108	143,106	144,521	149,339	161,760
Central Services and Administrative Information Technology		158,946	111,705	136,596	114,946	123,709	128,008
Plant Operations and Maintenance	392,930	453,763	447,582	386,380	364,438	380,310	375,098
Pupil Transportation	437,373	475,552	376,033	411,650	435,180	370,171	369,543
Unallocated Employee Benefits			1,058,760	1,228,944	1,291,098	1,114,385	1,119,872
Unallocated Depreciation Expense			193,609	207,634	232,493	232,580	229,904
Interest on Long-Term Debt	150,105	154,133	139,757	124,638	108,844	92,399	75,130
Amortization of Debt Issue Costs			2,667	2,667	2,667	2,667	2,667
Total Governmental Activities Expenses	6,178,266	6,230,421	6,783,356	7,261,157	7,664,376	7,317,472	7,514,610
Business-Type Activities							
Food Service	132,032	138,134	130,650	121,606	126,633	123,612	122,974
School Care				26,925	24,985	30,654	33,165
Total Business-Type Activities Expense	132,032	138,134	130,650	148,531	151,618	154,266	156,139
Total District Expenses	$ 6,310,298	$ 6,368,555	$ 6,914,006	$ 7,409,688	$ 7,815,994	$ 7,471,738	$ 7,670,749
Program Revenues							
Governmental Activities							
Charges for Services							
Instruction (Tuition)	$	$ 7,500	$	$	$	$	$
Pupil Transportation	10,000	45,669					
Operating Grants and Contributions	981,469	214,944	238,343	780,666	761,526	531,570	606,172
Total Governmental Activities Program Revenues	991,469	268,113	238,343	780,666	761,526	531,570	606,172
Business-Type Activities							
Charges for Services							
Food Service	94,962	128,699	67,178	61,121	63,707	70,786	69,766
School Care			29,831	28,514	30,861	33,410	33,014
Operating Grants and Contributions	36,762	34,829	29,404	40,006	37,977	47,130	46,829
Total Business-Type Activities Program Revenues	131,724	163,528	126,413	129,641	132,545	151,326	149,609
Total District Program Revenues	$ 1,123,193	$ 431,641	$ 364,756	$ 910,307	$ 894,071	$ 682,896	$ 755,781
Net (Expense)/Revenue							
Governmental Activities	$ (5,186,797)	$ (5,962,308)	$ (6,545,013)	$ (6,480,491)	$ (6,902,850)	$ (6,785,902)	$ (6,908,438)
Business-Type Activities	(308)	25,394	(4,237)	(18,890)	(19,073)	(2,940)	(6,530)
Total District-Wide Net Expense	$ (5,187,105)	$ (5,936,914)	$ (6,549,250)	$ (6,499,381)	$ (6,921,923)	$ (6,788,842)	$ (6,914,968)
General Revenues and Other Changes in Net Assets							
Governmental Activities							
Property Taxes Levied for General Purposes, net	$ 2,452,064	$ 2,564,453	$ 2,737,984	$ 2,863,480	$ 3,135,382	$ 3,260,797	$ 3,477,394
Taxes Levied for Debt Service	227,414	291,924	297,588	301,076	296,338	295,169	301,906
Unrestricted Grants and Contributions	2,687,781	4,153,417	3,597,814	3,247,766	3,423,550	3,329,619	3,423,393
Investment Earnings	15,375	17,815	15,740	16,826	15,733	4,540	2,255
Tuition and Transportation Revenue				92,200	59,057	89,031	96,258
Miscellaneous Income	27,487	31,748	201,511	25,543	44,763	36,200	31,151
Fixed Asset Adjustment							(9,621)
Transfers and Other Adjustments			(448,004)	164,554	(39,983)		
Total Governmental Activities	5,410,121	7,059,357	6,402,633	6,711,445	6,934,840	7,015,356	7,322,736
Business-Type Activities							
Transfer and Other Adjustments			(39,720)	(20,000)	(5,724)		(4,512)
Investment Earnings	652	239	602	356	29	37	22
Total Business-Type Activities	652	239	(39,118)	(19,644)	(5,695)	37	(4,490)
Total District-Wide	$ 5,410,773	$ 7,059,596	$ 6,363,515	$ 6,691,801	$ 6,929,145	$ 7,015,393	$ 7,318,246
Change in Net Assets							
Governmental Activities	$ 223,324	$ 1,097,049	$ (142,380)	$ 230,954	$ 31,990	$ 229,454	$ 414,298
Business-Type Activities	344	25,633	(43,355)	(38,534)	(24,768)	(2,903)	(11,020)
Total District-Wide	$ 223,668	$ 1,122,682	$ (185,735)	$ 192,420	$ 7,222	$ 226,551	$ 403,278

Source: CAFR Schedule A-2

EXHIBIT J-3

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

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
Reserved	$ 94,533	$ 436,271	$ 458,178	$ 164,431	$ 71,776	$ 211,780	$ 482,484
Unreserved	132,364	37,997	(17,268)	112,640	112,690	9,026	(67,270)
Total General Fund	$ 226,897	$ 474,268	$ 440,910	$ 277,071	$ 184,466	$ 220,806	$ 415,214
All Other Governmental Funds							
Reserved	$ 530,786	$ 549,826	$ 61,653	$	$	$	
Unreserved, Reported in:							
Special Revenue Fund				(787)	(787)	(1,650)	(1,650)
Capital Projects Fund				20,599	20,599		
Debt Service Fund	851	851	1,062	3,662	2,600	1,800	1,800
Total All Other Governmental Funds	$ 531,637	$ 550,677	$ 62,715	$ 23,474	$ 22,412	$ 150	$ 150

Source: CAFR Schedule B-1

EXHIBIT J-4

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
Revenues							
Tax Levy	$ 2,679,478	$ 2,856,377	$ 3,035,572	$ 3,164,556	$ 3,431,720	$ 3,555,966	$ 3,779,300
Transportation	10,000	45,669	36,919	38,393	40,802	53,884	32,689
Tuition Charges	13,375	7,500	28,829	53,807	18,255	35,147	63,569
Interest Earnings	15,375	17,815	15,740	16,826	15,733	4,540	2,255
Rental					15,000	36,200	31,231
Miscellaneous	14,112	31,748	135,763	25,543	29,763		
State Sources	3,446,237	4,175,685	3,618,434	3,758,648	3,967,696	3,634,314	3,299,676
Federal Sources	223,013	192,675	217,723	269,784	217,380	226,875	729,889
Total Revenues	6,401,590	7,327,469	7,088,980	7,327,557	7,736,349	7,546,926	7,938,609
Expenditures							
Instruction							
Regular Instruction	1,227,105	1,414,143	1,406,014	1,563,390	1,629,796	1,607,999	1,714,229
Special Education Instruction	397,442	353,304	340,686	339,636	363,080	356,273	377,818
Other instruction	29,614	59,893	135,989	155,123	187,018	147,793	132,971
Support Services							
Tuition	1,820,754	1,695,734	1,776,065	1,906,303	2,229,523	2,031,193	2,084,793
Student and Instruction Related Services	438,462	282,575	443,024	452,727	364,290	516,604	548,251
General Administrative Services	382,908	133,059	213,357	202,363	196,482	192,050	194,566
School Administrative Services	79,502	145,290	138,108	143,106	144,521	149,339	166,084
Central Services		130,030	111,705	136,596	114,946	123,709	128,008
Plant Operations and Maintenance	330,786	371,513	447,582	386,380	364,438	380,310	375,098
Pupil Transportation	400,427	389,353	394,001	415,119	435,180	373,230	368,968
Unallocated Employee Benefits	894,893	898,935	1,040,519	1,230,207	1,281,828	1,106,804	1,089,304
Capital Outlay	95,157	763,662	715,412	306,068	27,366	210,876	228,328
Debt Service							
Principal	270,000	325,000	345,000	360,000	375,000	390,000	415,000
Interest	147,560	160,842	146,856	132,019	116,548	100,426	83,653
Total Expenditures	6,514,610	7,123,333	7,654,318	7,729,037	7,830,016	7,686,606	7,907,071
Excess (Deficiency) of Revenues Over (Under) Expenditures	(113,020)	204,136	(565,338)	(401,480)	(93,667)	(139,680)	31,538
Other Financing Sources (Uses)							
Cancellation of prior year receivable			(538)				
Transfer			44,555	20,000			
Bond Proceeds	625,000						
Capital Leases (non-budgeted)		59,275		178,400		153,758	162,950
Total Other Financing Sources (Uses)	625,000	59,275	44,017	198,400		153,758	162,950
Net Change in Fund Balances	$ 511,980	$ 263,411	$ (521,321)	$ (203,080)	$ (93,667)	$ 14,078	$ 194,488
Debt Service as a Percentage of Noncapital Expenditures	6.4%	6.8%	6.4%	6.4%	6.3%	6.4%	6.3%

Source: CAFR Schedule B-2

EXHIBIT J-5

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TENFISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Transportation	Sale of Assets	Rentals	Prior Year Adjustments	Utility Company Rebate	Misc.	Total
2010	$ 2,255	$ 63,569	$ 32,689	$	$ 31,151	$	$	$	$ 129,664
2009	4,540	35,147	53,884		36,200				129,771
2008	15,733	18,255	40,802	2,369	15,000			27,394	119,553
2007	16,826	57,836	38,393		13,000	1,109		7,405	134,569
2006	15,740	28,829	36,919		12,500	19,810	101,375	2,078	217,251
2005	17,815	7,500	45,669					31,748	102,732
2004	14,524	13,375	10,000					13,169	51,068
2003	21,516		37,050					50,998	109,564
2002	25,420	3,823	46,589					63,719	139,551
2001	44,884	55,039	37,112					61,778	198,813

Source: District Records

EXHIBIT J-6

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Total Assessed Value	Public Utilities [a]	Net Valuation Taxable	Total Direct School Tax Rate [b]	Estimated Actual (County Equalized Value)
2010	$ 12,001,800	$ 221,694,700	$ 76,886,200	$ 10,887,500	$ 21,861,000	$ 343,331,200	$ 1,725,480	$ 345,056,680	$ 1.12	$ 362,404,388 c
2009	12,420,800	222,030,000	77,345,000	10,798,000	22,890,000	345,483,800	1,809,844	347,293,644	1.088	362,404,388
2008	13,606,900	212,031,600	84,964,000	10,849,900	21,970,000	343,422,400	1,564,914	344,987,314	1.004	324,799,697
2007	13,894,600	206,911,500	83,709,000	10,859,650	24,884,000	340,258,750	1,704,191	341,962,941	1.004	323,796,912
2006	12,099,900	204,281,800	86,006,500	11,001,050	25,317,000	338,706,250	980,982	339,687,232	0.931	272,234,212
2005	3,019,200	85,020,500	41,267,000	6,878,155	12,625,500	148,810,355	980,982	149,791,337	2.027	252,279,799
2004	3,036,400	83,713,800	41,394,200	6,913,430	12,434,000	147,491,830	980,982	148,472,812	1.921	246,889,571
2003	3,238,000	82,030,900	40,917,000	6,870,480	12,372,100	145,428,480	1,194,345	146,622,825	1.826	210,005,025
2002	3,240,800	79,999,300	40,405,900	6,890,100	12,468,300	143,004,400	13,801,775	156,806,175	1.773	195,121,299
2001	3,470,500	78,131,600	40,284,600	6,865,300	12,152,900	140,904,900	1,450,188	142,355,088	1.682	177,194,291

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per $100

c Estimate

EXHIBIT J-7

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

Year Ended June 30,	Upper Pittsgrove Township Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate [a]	General Obligation Debt Service [b]	From J-6 Total Direct School Tax Rate	Upper Pittsgrove Township	Salem County	
2010	$ 1.031	$ 0.089	$ 1.120	$ 0.091	$ 0.923	$ 2.134
2009	0.998	0.090	1.088	0.076	0.936	2.100
2008	0.943	0.089	1.032	0.083	0.882	1.997
2007	0.908	0.096	1.004	0.055	0.863	1.922
2006	0.841	0.091	0.932	0.039	0.776	1.747
2005	1.820	0.207	2.027	0.049	1.666	3.742
2004	1.759	0.163	1.922	0.050	1.446	3.418
2003	1.662	0.163	1.825	0.047	1.366	3.238
2002	1.622	0.152	1.774	0.029	1.261	3.064
2001	1.524	0.159	1.683	0.029	1.185	2.897

Source: District Records and Municipal Tax Collector

Note:

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

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

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

EXHIBIT J-8

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

	2010		2001	
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Taxpayer #1	$ 2,864,800	0.83%	$	
Taxpayer #2	2,000,800	0.58%		
Third Garden Park Limited Partners	1,950,000	0.57%		
New Jersey Bell Telephone Co	1,864,480	0.54%		
Taxpayer #3	1,630,100	0.47%		
Atlantic City Electric Co	1,625,300	0.47%		
Larchmont Farms Inc	1,591,400	0.46%		
Taxpayer #4	1,500,000	0.44%		
George A Coombs & Sons, Inc	1,310,900	0.38%		
Bell Atlantic- New Jersey, Inc	1,200,000	0.35%		
Total	17,537,780	5.09%		

Source: District CAFR & Municipal Tax Assessor

EXHIBIT J-9

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2010	$ 3,779,300	$ 3,779,300	100%	$ -
2009	3,555,966	3,555,966	100%	-
2008	3,431,720	3,431,720	100%	-
2007	3,164,556	3,164,556	100%	-
2006	3,035,572	3,035,572	100%	-
2005	2,856,377	2,856,377	100%	-
2004	2,679,478	2,679,478	100%	-
2003	2,560,313	2,560,313	100%	-
2002	2,394,443	2,394,443	100%	-
2001	1,993,597	1,993,597	100%	-

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

Note:

EXHIBIT J-10

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

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities	Total District	Percentage of Personal Income [a]	Per Capita [a]
	General Obligation Bonds [b]	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2010	$ 1,545,000	$	$	$	$ 1,545,000	1.06%	$ 430
2009	1,960,000	122,931			2,082,931	1.48%	580
2008	2,350,000	154,962			2,504,962	1.83%	697
2007	2,725,000	182,328			2,907,328	2.24%	814
2006	3,085,000	93,285			3,178,285	2.52%	885
2005	3,430,000	148,799			3,578,799	3.00%	998
2004	3,755,000				3,755,000	3.19%	1,047
2003	3,400,000				3,400,000	3.06%	957
2002	3,660,000				3,660,000	3.42%	1,033
2001	3,855,000				3,855,000	3.77%	1,103

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

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

a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

b Includes Early Retirement Incentive Plan (ERIP) refunding

EXHIBIT J-11

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding: General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value [a] of Property	Per Capita [b]
2010	$ 1,545,000	$	$ 1,545,000	0.45%	$ 430 *
2009	1,960,000		1,960,000	0.56%	546 *
2008	2,350,000		2,350,000	0.68%	654
2007	2,725,000		2,725,000	0.80%	763
2006	3,085,000		3,085,000	0.91%	859
2005	3,430,000		3,430,000	2.29%	957
2004	3,755,000		3,755,000	2.53%	1,047
2003	3,400,000		3,400,000	2.32%	957
2002	3,660,000		3,660,000	2.33%	1,033
2001	3,855,000		3,855,000	2.71%	1,103

* Estimate

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

a See Exhibit NJ J-6 for property tax data.
b Population data can be found in Exhibit NJ J-14.

EXHIBIT J-12

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2010

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	a	Estimated Share of Overlapping Debt
Debt repaid with property taxes				
Upper Pittsgrove Township	$ -	100.00%	$	-
Salem County	36,858,500	6.26%		2,307,280
Other debt				
Subtotal, Overlapping Debt				2,307,280
Upper Pittsgrove Township School District Direct Debt			**b**	1,545,000
Total Direct and Overlapping Debt			$	3,852,280

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

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

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

b Includes Capital Leases

EXHIBIT J-13

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST NINE FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2009

		Equalized Valuation Basis
2009		$ 355,034,837
2008		355,673,681
2007		322,092,721
	[A]	$ 1,032,801,239
Average Equalized Valuation of Taxable Property	[A/3]	$ 344,267,080
Debt Limit (3% of Average Equalization Value)	[B]	10,328,012 a
Net Bonded School Debt	[C]	1,545,000
Legal Debt Margin	[B-C]	$ 8,783,012

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	$ 5,083,033	$ 5,192,131	$ 5,403,413	$ 5,823,206	$ 6,520,159	$ 7,230,551	$ 8,240,751	$ 6,331,177	$ 9,887,914	$ 10,328,012
Total Net Debt Applicable to Limit	3,855,000	3,660,000	3,400,000	3,755,000	3,430,000	3,085,000	2,725,000	2,350,000	1,960,000	1,545,000
Legal Debt Margin	$ 1,228,033	$ 1,532,131	$ 2,003,413	$ 2,068,206	$ 3,090,159	$ 4,145,551	$ 5,515,751	$ 3,981,177	$ 7,927,914	$ 8,783,012
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	75.8%	70.5%	62.9%	64.5%	52.6%	42.7%	33.1%	37.1%	19.8%	15.0%

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

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

EXHIBIT J-14

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Year	Population [a]		Personal Income (thousands of dollars) [b]	Per Capita Personal Income [c]		Unemployment Rate [d]
2010	3,593	*	145,241,537	40,423	*	4.20%
2009	3,590		140,893,463	39,246	*	4.40%
2008	3,595		136,980,285	38,103		2.50%
2007	3,572		130,024,372	36,401		1.90%
2006	3,590		126,116,700	35,130		1.90%
2005	3,585		119,283,705	33,273		1.90%
2004	3,586		117,631,558	32,803		2.10%
2003	3,554		111,112,256	31,264		2.20%
2002	3,542		106,862,140	30,170		2.10%
2001	3,494		102,171,548	29,242		1.50%

Source:

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

[b] Personal income

[c] Per Capita

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

* Estimate

EXHIBIT J-15

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

	2010		2001	
Employer	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment

NOT AVAILABLE

Source:

EXHIBIT J-16

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

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Instruction										
Regular		78.0	30.0	31.0	31.0	33.0	31.0	31.0	31.0	31.0
Special education		13.0	23.0	21.3	11.0	10.5	10.5	9.0	9.0	9.0
Other special education			1.5	2.0	3.5	4.0	4.0	3.0	3.0	3.0
Other instruction		1.0	1.0	1.0						
Support Services:										
Tuition										
Student & instruction related services		3.0	8.0	13.0	8.0	12.0	12.0	11.0	11.0	11.0
General administrative services		3.0	5.0	4.8	5.5	7.0	4.0	4.0	4.0	4.0
School administrative services		1.0		0.5	0.5	0.5	0.5	0.5	0.5	0.5
Business administrative services		1.0	2.0	3.0	3.0					
Plant operations and maintenance		2.0	4.0	3.0	3.0	4.0	4.0	3.0	3.0	3.0
Pupil transportation		7.0	13.0	12.0	14.0	13.0	12.0	8.5	8.5	8.0
Food Service		8.0	8.0	8.0	6.0	6.0	6.0			
Total	-	117.0	95.5	99.5	85.5	90.0	84.0	70.0	70.0	69.5

Source: District Personnel Records

EXHIBIT J-17

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures [a]	Cost Per Pupil	Percentage Change	Teaching Staff [b]	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) [c]	Average Daily Attendance (ADA) [c]	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2010	415	$ 7,180,090	$ 17,301	(0.02)	43	11.6 : 1	10.4 : 1	391.1	373.1	0.205%	95.40%
2009	395	6,985,304	17,684	(0.08)	43	11 : 1	10 : 1	390.3	374.0	1.193%	95.82%
2008	381	7,311,102	19,189	0.15	39	11 : 1	9 : 1	385.7	368.7	-6.903%	95.59%
2007	415	6,930,950	16,701	0.08	36	10 : 1	11 : 1	414.3	403.0	-0.671%	97.27%
2006	417	6,447,050	15,461	0.14	43	10 : 1	10 : 1	417.1	396.7	-5.205%	95.11%
2005	434	5,873,829	13,534	(0.05)	35	12 : 4	13 : 1	440.0	418.0	4.762%	95.00%
2004	420	6,001,893	14,290		39	11 : 1	11 : 1	420.0	402.0	-0.943%	95.71%
2003	424				40	11 : 1	11 : 1	424.0	404.0	0.474%	95.28%
2002	422				40	11 : 1	11 : 1	422.0	408.0	-1.402%	96.68%
2001	428				39	11 : 1	11 : 1	428.0	407.0	3.133%	95.09%

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

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
b Teaching staff includes only full-time equivalents of certificated staff.
c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

EXHIBIT J-18

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

District Building	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Elementary										
Square Feet	64,828	64,828	64,828	64,828	64,828	64,828	64,828	64,828	64,828	64,828
Capacity (students)	375	375	375	375	375	375	375	375	375	375
Enrollment	428	422	424	420	440	434	415	381	395	415

Number of Schools at June 30, 2010
Elementary = 1

Source: District records, ASSA

EXHIBIT J-19

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITY
LAST SEVEN FISCAL YEARS
(UNAUDITED)

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

School Facilities	Gross Square Footage	2010	2009	2008	2007	2006	2005	2004
Upper Pittsgrove Township School	$ 64,828	$ 25,061	$ 26,414	$ 32,053	$ 29,683	$ 138,521	$ 52,631	$ 46,485
Total School Facilities		25,061	26,414	32,053	29,683	138,521	52,631	46,485
Other Facilities								
Grand Total		$ 25,061	$ 26,414	$ 32,053	$ 29,683	$ 138,521	$ 52,631	$ 46,485

EXHIBIT J-20

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)

Company	Type of Coverage	Coverage	Deductible
NJ School Board Assoc Insurance Group	Property Blanket Building & Contents	$ 14,673,435	$ 5,000
	Commercial Inland Marine Blanket		
	Hardware and Software	520,000	1,000
	Commercial General Liability		
	Products Completed Operations Aggregate Limit	6,000,000	
	Personal and Advertising Injury Limit	6,000,000	
	Bodily Injury & Property Damage	6,000,000	
	Boiler and Machinery Section		
	Limit per Accident for Property Damage and Business Income	100,000,000	5,000
	Commercial Crime Section		
	Employee Dishonesty Coverage	100,000	1,000
	Commercial Automobile/General Liability		
	Combined Single Limit	6,000,000	1,000
	Board of Education Legal Liability		
	Aggregate for Each Annual Policy Year	6,000,000	
	Insured Retained Limit (each loss)	5,000	
	Workmen's' Compensation		
	Bodily Injury - each accident/disease	2,000,000	
	Bodily Injury - each employee	2,000,000	
	Maximum Coverage	2,000,000	
Markel Insurance Co	Student Accident Policies		
	Catastrophic Medical Expense - Max Benefit Amoun	2,000,000	
	Catastrophic Cash Benefit - Max Benefit Amount	500,000	
The Maksin Group	Compulsory - Maximum Benefit Amount	25,000	
Ohio Casualty Insurance Company	Surety Bonds		
	Treasurer	185,000	
	Business Administrator	35,000	

Source: District Records

SINGLE AUDIT SECTION

EXHIBIT K-1

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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September 23, 2010

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
Upper Pittsgrove Township School District
County of Salem, New Jersey 08079

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Upper Pittsgrove Township Board of Education, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2010, which collectively comprise the Board of Education of the Upper Pittsgrove Township's basic financial statements and have issued our report thereon dated September 23, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

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

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 Upper Pittsgrove Township Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance, or other matters that are required to be reported under ***Government Auditing Standards*** and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. However, we noted two other immaterial matter that were reported to the Board of Education of the Upper Pittsgrove School District in a separate report entitled, Auditor's Management Report on Administrative Findings-Financial Compliance and Performance dated September 23, 2010.

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA

Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

EXHIBIT K-2

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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September 23, 2010

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

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

Compliance

We have audited the compliance of the Board of Education of the Upper Pittsgrove Township 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*** and the ***New Jersey State Aid/Grant Compliance Supplement*** that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2010. The Upper Pittsgrove Township Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. 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 Upper Pittsgrove Township Board of Education's management. Our responsibility is to express an opinion on the Upper Pittsgrove Township Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB 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***. 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 and state program occurred. An audit includes examining, on a test basis, evidence about the Upper Pittsgrove Township Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Upper Pittsgrove Township Board of Education's compliance with those requirements.

In our opinion, the Board of Education of the Upper Pittsgrove Township School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2010.

Internal Control Over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and 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 was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA

Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

EXHIBIT K-3

TOWNSHIP OF UPPER PITTSGROVE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
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	Grant Period To	Balance at June 30, 2009 Accounts Receivable	Balance at June 30, 2009 Deferred Revenue	Balance at June 30, 2009 Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjust - ments	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
ARRA-SFSF-ESF(Educ. Stant Grant)	84.394	N/A	$425,220	7/1/09	6/30/10					$425,220	($425,220)					
ARRA-SFSF-GSF(Government Services)	84.397	N/A	16,461	7/1/09	6/30/10					16,461	(16,461)					
Total Fund 16 & 17 Fund										441,681	(441,681)					
U.S. Department of Education																
Passed-through State Department of Education:																
Special Revenue Fund:																
ARRA - Title I, Part A	84.389	ARRA-280010	14,093	9/1/09	8/31/10					11,700	(14,093)			($2,393)		
ARRA - IDEA	84.391A	ARRA-280010	119,828	7/1/09	8/31/11					56,016	(66,169)			(10,153)		
Title I, Part A	84.010	NCLB - 280010	56,879	9/1/09	8/31/10					25,594	(54,207)			(28,613)		
Title I, Part A	84.010	NCLB - 280010	54,084	9/1/09	8/31/10					2,672	(2,672)					
Title I, Part A	84.010	NCLB - 280009	54,084	9/1/08	8/31/09	($22,238)				22,238						
Title II, Part A	84.367	NCLB - 280010	14,174	9/1/09	8/31/10					3,642	(14,174)			(10,532)		
Title II, Part A C/O	84.367	NCLB - 280010	19,051	9/1/09	8/31/10					32	(32)					
Title II, Part A - C/O	84.367A	NCLB - 280009	19,051	9/1/08	8/31/09	(6,266)				5,745				(521)		
Title II, Part D Technology	84.318X	NCLB - 280010	543	9/1/09	8/31/10						(543)			(543)		
Title II, Part D Technology	84.318X	NCLB - 280009	445	9/1/08	8/31/09	(445)				445						
Title IV - Safe and Drug Free/co	84.186	NCLB - 280010	882	9/1/09	8/31/10					774	(882)			(108)		
Title IV - Safe and Drug Free	84.186A	NCLB - 280009	1,314	9/1/08	8/31/09	(675)				675						
REAP - '09	84.358A	S358A063592	7,480	9/1/09	8/31/10					7,480	(7,480)					
I.D.E.A. Part B, Basic Regular	84.027	FT-280010	122,878	9/1/09	8/31/10					92,754	(122,878)			(30,124)		
I.D.E.A. Part B, Basic Regular	84.027	FT-280009	119,244	9/1/08	8/31/09	(28,965)				28,965						
I.D.E.A. Part B, Pre-School	84.173	NCLB - 280010	3,849	9/1/09	8/31/10					3,849	(3,849)					
Total Special Revenue Fund						(58,589)				262,581	(286,979)			(82,987)		
U.S. Department of Agriculture																
Passed-through State Department of Education:																
Enterprise Fund:																
Food Distribution Program	10.550	N/A	10,248	7/1/09	6/30/10					10,248	(6,399)				$3,849	
Food Distribution Program	10.550	N/A	12,239	7/1/08	6/30/09		$4,003				(4,003)					
National School Lunch Program	10.555	N/A	34,683	7/1/08	6/30/09	($10,612)				6,348			$4,264			
National School Lunch Program	10.555	N/A	34,465	7/1/09	6/30/10					27,940	(34,465)			(6,525)		
Total Enterprise Fund						(10,612)	4,003			44,536	(44,867)		4,264	(6,525)	3,849	
Total Federal Financial Assistance						($69,201)	$4,003			$748,798	($773,527)		$4,264	($89,512)	$3,849	

See accompanying notes to schedules of financial assistance

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

EXHIBIT K-4

TOWNSHIP OF UPPER PITTSGROVE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)
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 Years' Balances	Balances at June 30, 2010 (Accounts Receivable)	Balances at June 30, 2010 Deferred Revenue/ Interfund Payable	Balances 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	$1,992,547	7/1/09	6/30/10				$1,757,672	($1,992,547)					*	($234,875)	$1,992,547
Special Education Categorical Aid	10-495-034-5120-089	272,514	7/1/09	6/30/10				245,268	(272,514)					*	(27,246)	272,514
Transportation Aid	10-495-034-5120-014	322,255	7/1/09	6/30/10				289,934	(322,255)					*	(32,321)	322,255
Security Aid	10-495-034-5120-084	48,319	7/1/09	6/30/10				43,488	(48,319)					*	(4,831)	48,319
Adjustment Aid	10-495-034-5120-085	150,499	7/1/09	6/30/10				127,348	(150,499)					*	(23,151)	150,499
Nonpublic Transportation Aid	10-495-034-5120-014	5,154	7/1/09	6/30/10					(5,154)		($5,154)			*		5,154
Nonpublic Transportation Aid	09-495-034-5120-014	7,853	7/1/08	6/30/09	($7,853)			7,853						*		
On Behalf TPAF Non-Contrib Ins.	10-495-034-5095-007	7,069	7/1/09	6/30/10				7,069	(7,069)					*		7,069
On Behalf TPAF Post Retire Contrib	10-495-034-5095-001	132,761	7/1/09	6/30/10				132,761	(132,761)					*		132,761
Reimbursed TPAF SS Contribution	10-495-034-5095-002	160,634	7/1/09	6/30/10				147,998	(160,634)		(12,636)			*		160,634
Reimbursed TPAF SS Contribution	09-495-034-5095-002	153,013	7/1/08	6/30/09	(7,708)			7,708						*		
Total General Fund					(15,561.00)			2,767,099	(3,091,752)		(17,790)				(322,424)	3,091,752
Special Revenue Fund:																
Preschool Education Aid	10-495-034-5120-086	16,500	7/1/09	6/30/10				14,850	(16,500)					*	(1,650)	16,500
REBEL	N/A	1,000	7/1/09	6/30/10				1,000	(1,000)					*		1,000
ELLI Grant	07-495-034-5120-062	14,850	7/1/06	6/30/07		$2,850							$2,850	*		
Total Special Revenue Fund						2,850		15,850	(17,500)				2,850		(1,650)	17,500
Debt Service Fund																
Debt Service Aid Type II	10-495-034-5120-125	196,747	7/1/09	6/30/10				196,747	(196,747)					*		196,747
Total Debt Service Fund								196,747	(196,747)							196,747
State Department of Agriculture																
Enterprise Fund:																
State School Lunch Program	09-100-010-3350-023	2,037	7/1/08	6/30/09	(622)			374		$248				*		
State School Lunch Program	10-100-010-3350-023	1,940	7/1/09	6/30/10				1,573	(1,940)		(367)			*		1,940
														*		
Total Enterprise Fund					(622)			1,947	(1,940)	248	(367)			*		1,940
Total State Financial Assistance					($16,183)	$2,850		$2,981,643	($3,307,939)	$248	($18,157)		$2,850	*	($324,074)	$3,307,939

See accompanying notes to schedules of financial assistance

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES 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 award activity of the Board of Education, Upper Pittsgrove Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies are included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

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

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is ($6,323) for the general fund and $1,229 for the special revenue fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2010
(Continued)

	Federal	State	Total
General Fund	$ 441,681	$ 3,085,429	$ 3,527,110
Special Revenue Fund	288,208	17,500	305,708
Debt Service		196,747	196,747
Food Service Fund	44,867	1,940	46,807
Total Financial Assistance	$ 774,756	$ 3,301,616	$ 4,076,372

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

The district did not have any outstanding loans.

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions, if any, represents the amount paid by the state on behalf of the district for the year ended June 30, 2010. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2010.

NOTE 7: SCHOOLWIDE PROGRAM FUNDS

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

EXHIBIT K-6

UPPER PITTSGROVE TOWNSHIP 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 reported

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

Federal Awards

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

Internal control over major programs:

1) Material weakness (es) identified? _____ yes ___X___ no

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

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133? _____ yes ___X___ no

CFDA Number(s)	Name of Federal Program or Cluster
84.394	ARRA - ESF
84.397	ARRA - GSF

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

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

EXHIBIT K-6

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(continued)

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

State Awards

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

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

Internal control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04 _____ yes X no

Identification of major programs:

GMIS Number(s)	Name of State Program
10-495-034-5120-078	Equalization Aid
10-495-034-5120-014	Transportation Aid
10-495-034-5120-089	Special Education
10-495-034-5120-084	Security Aid
10-495-034-5120-085	Adjustment Aid

EXHIBIT K-6

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(continued)

Section II - Financial Statement Findings

NONE

EXHIBIT K-6

UPPER PITTSGROVE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010 (continued)

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

FEDERAL AWARDS **None**

Finding:
Information on the federal program:
Criteria or specific requirement:
Condition:
Questioned Costs:
Effect:
Cause:
Recommendation:
Management's response:

STATE AWARDS **None**

Finding:
Information on the state program:
Criteria or specific requirement:
Condition:
Questioned Costs:
Effect:
Cause:
Recommendation:
Management's response:

EXHIBIT K-7

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2010

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

STATUS OF PRIOR - YEAR FINDINGS

Finding: 2009-1

Information on the state program: Fixed Asset Accounting System

Condition: The district maintained a Fixed Asset Accounting System that contained several inaccuracies.

CURRENT STATUS: This condition has been corrected through the acquisition of a Fixed Asset Accounting report, prepared by an outside firm.