

SCHOOL DISTRICT
OF
BLAIRSTOWN TOWNSHIP

Blairstown Township School District
Board of Education
Blairstown, Warren County
New Jersey

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2011

Comprehensive Annual

Financial Report

of the

Blairstown Township School District

Board of Education

Blairstown, New Jersey

For the Fiscal Year Ending June 30, 2011

Prepared by

Blairstown Township School District

Board of Education

Finance Department

OUTLINE OF CAFR

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	1
Organizational Chart	2
Roster of Officials	3
Consultants and Advisors	4

FINANCIAL SECTION

Independent Auditor's Report	5-6
Required Supplementary Information – Part I Management's Discussion and Analysis	7-13
Basic Financial Statements	
A. District-Wide Financial Statements:	
A-1 Statement of Net Assets	14
A-2 Statement of Activities	15
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	16
B-2 Statement of Revenues, Expenditures and Changes in Fund Balance	17
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Proprietary Funds:	
B-4 Statement of Net Assets	19
B-5 Statement of Revenues, Expenses and Changes in Fund Net Assets	20
B-6 Statement of Cash Flows	21
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	22
B-8 Statement of Changes in Fiduciary Net Assets	23
Notes to the Financial Statements	24-43
Required Supplementary Information – Part II	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule--General Fund	44-53
C1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	N/A
C-1b Education Jobs Fund Program – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule--Special Revenue Fund	54
Notes to Required Supplementary Information	
C-3 Budget-to-GAAP Reconciliation	55

OUTLINE OF CAFR

	<u>Page</u>
Other Supplementary Information	
D. School Level Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures, Special Revenue Fund – Budgetary Basis	56
E-2 Schedule(s) of Preschool Education Aid Expenditures – Preschool-All Programs- Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	57
F-2 Summary Schedule of Revenues and Expenditures	58
F-2a Summary Schedule of Revenues and Expenditures-By Project	59
G. Proprietary Funds	
Enterprise Fund:	
G-1 Combining Statement of Net Assets	See B-4
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	See B-5
G-3 Combining Statement of Cash Flows	See B-6
Internal Service Fund:	
G-4 Combining Statement of Net Assets	N/A
G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	N/A
G-6 Combining Statement of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Assets	60
H-2 Combining Statement of Changes in Fiduciary Net Assets	61
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	62
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	63
I. Long-Term Debt:	N/A
I-1 Schedule of Serial Bonds	N/A
I-2 Schedule of Obligations Under Capital Leases	N/A
I-3 Budgetary Comparison Schedule Debt Service Fund	N/A
I-4 Schedule of Notes Payable	N/A

OUTLINE OF CAFR

STATISTICAL SECTION (Unaudited)

	<u>Page</u>
Introduction to the Statistical Section	
Financial Trends	
J-1 Net Assets by Component	64
J-2 Changes in Net Assets	65-66
J-3 Fund Balances - Governmental Funds	67
J-4 Changes in Fund Balances - Governmental Funds	68
J-5 General Fund Other Local Revenue by Source	69
Revenue Capacity	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	70
J-7 Direct and Overlapping Property Tax Rates	71
J-8 Principal Property Taxpayers	72
J-9 Property Tax Levies and Collections	73
Debt Capacity	
J-10 Ratios of Outstanding Debt by Type	74
J-11 Ratios of General Bonded Debt Outstanding	75
J-12 Direct and Overlapping Governmental Activities Debt	76
J-13 Legal Debt Margin Information	77
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	78
J-15 Principal Employers	79
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	80
J-17 Operating Statistics	81
J-18 School Building Information	82
J-19 Schedule of Required Maintenance Expenditures by School Facility	83
J-20 Insurance Schedule	84

SINGLE AUDIT SECTION

K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	85-86
K-2 Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with New Jersey OMB Circular 04-04	87-88
K-3 Schedule of Expenditures of Federal Awards, Schedule A	N/A
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	89
K-5 Notes to the Schedules of Awards and Financial Assistance	90-91
K-6 Schedule of Findings and Questioned Costs	92-94
K-7 Summary Schedule of Prior Audit Findings	95

Introductory Section

Blairstown Board of Education

P.O. Box E
One Sunset Hill Road
Blairstown, New Jersey 07825

Phone (908) 362-8536 Fax (908) 362-9638

October 15, 2011

Honorable President and
Members of the Board of Education
Blairstown School District
County of Warren, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Blairstown School District (District) for the fiscal year ended June 30, 2011 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 and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose 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 Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments*, and the state Treasury Circular Letter 04-04 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Blairstown School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statements No. 3. All funds and account groups of the District are included in this report. The Blairstown Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-first through Six and operates a program for children with disabilities. These services include regular, as well as special education for handicapped youngsters. The District completed the 2010-2011 fiscal year with an average enrollment of 634 students. The following details the changes in the student enrollment of the District over the last five years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2005-2006	756	0%
2006-2007	740	-2.1%
2007-2008	762	+3.0%
2008-2009	734	-3.7%
2009-2010	632	-13.9%
2010-2011	634	+0.3%

2) ECONOMIC CONDITION AND OUTLOOK: Enrollment has been decreasing over the last several years, as outlined above. Large annual reductions in state aid are a concern for the future of this district.

3) MAJOR INITIATIVES: Blairstown Elementary School has developed a partnership and shared services agreement with neighboring Frelinghuysen School District for a pre-school program. Blairstown moved its state approved Pre-school Disabilities class from the old and antiquated Vail building to modern classroom space at Frelinghuysen School, making an inclusive program for both districts' youngsters at the same time. This shared service agreement provides an integrated program, following IEP's together with general education students staffed with highly qualified faculty from both districts.

Blairstown Elementary School continues to assess its curriculum and materials on a yearly basis through a shared services agreement between all four schools in the North Warren cluster. One curriculum coordinator is shared by the cluster, with the costs being shared based on enrollment, greatly reducing the financial obligation of each district. Numerous meetings are held throughout the year with staff from all schools working to review and update curriculum documents to insure a solid crosswalk with state core curriculum content standards.

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue 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 canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2011.

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 and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

7) FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

8) 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 which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where funds are secured in accordance with the Act.

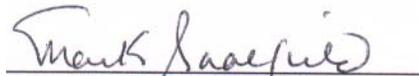
9) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

10) OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ardito & Company 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 Single Audit Act of 1984 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose 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.

11) ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Blirstown School Board 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.

Respectfully submitted,



Mark Saalfeld
Superintendent

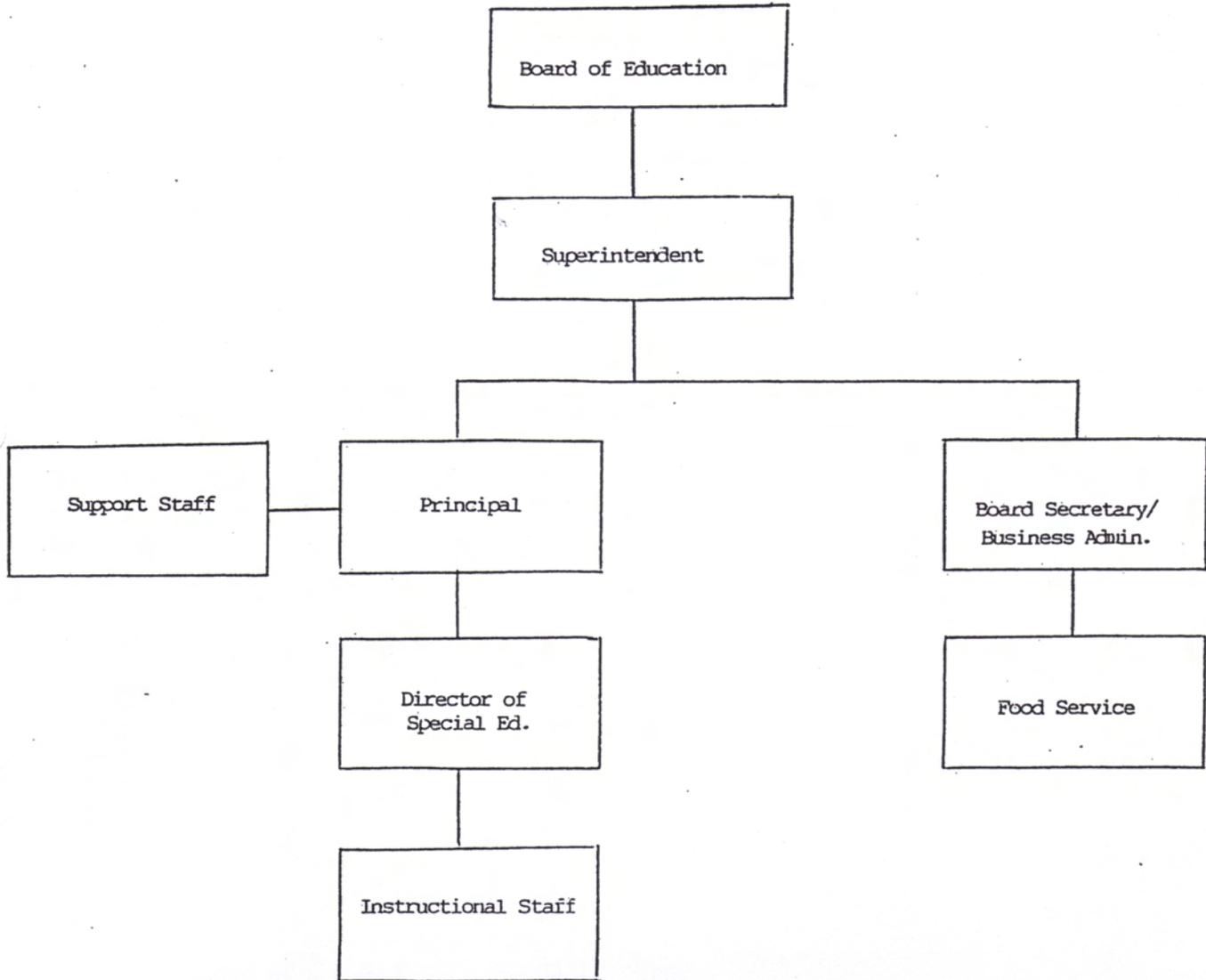


Molly Petty
School Business Administrator

Blairstown Board of Education

P.O. Box E
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Blairstown, New Jersey 07825
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ORGANIZATIONAL CHART



**BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

JUNE 30, 2011

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Joshua Benson, President	2012
Dirk Herrmann, Vice-President	2014
Margaret McLain	2013
Leslie Ruben	2013
John Karolchyk	2013
Ryan Cino	2014
Mabell Rosko	2012
Maddie Merkle	2012
Jessica Wood-Rosso	2014

Other Officials

Mark Saalfield, Superintendent

Rosemary Goodman, Principal

Molly P. Petty, Business Administrator/Board Secretary

Georgette Range, Treasurer

**BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

ARCHITECT

Artifact Studio
Scott Gold
3276 Sequoia Drive
Macungie, Pennsylvania 18062

CAM Design Group
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Blairstown, New Jersey 07825

AUDIT FIRM

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Anthony Ardito
1110 Harrison Street, Suite C
Frenchtown, NJ 08825

ATTORNEY

Courter, Kobert & Cohen
Michael S. Selvaggi
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OFFICIAL DEPOSITORY

PNC Bank
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Blairstown, NJ 07825

Financial Section

Independent Auditor's Report



ARDITO & Co., LLP

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Anthony Ardito, CPA, RMA, CMFO, PSA
Douglas R. Williams, CPA, RMA, PSA
Anthony F. Ardito, PA, RMA, PSA

UNQUALIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND SUPPLEMENTARY SCHEDULE OF FEDERAL AND STATE AWARDS AND OTHER SUPPLEMENTARY INFORMATION-GOVERNMENTAL ENTITY

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Blairstown Township School District
County of Warren
Blairstown, New Jersey 07825

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Blairstown Township School District in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Blairstown Township School District 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; 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund, and the aggregate remaining fund information of the Blairstown Township School District Board of Education in the County of Warren, State of New Jersey, as of June 30, 2011, 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.

-Continued-

In accordance with Government Auditing Standards, we have also issued our report dated October 15, 2011, on our consideration of the Blirstown Township School District Board of Education'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 Government Auditing Standards and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 7 through 13, and 44 through 55 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. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Blirstown Township School District 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 information 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 procedures 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 information 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 New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. 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.



Licensed Public School Accountant No. 2369
ARDITO & CO., LLP

Date: October 15, 2011

**Required Supplementary Information -
Part I**

Management's Discussion and Analysis

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED

The discussion and analysis of Blairstown Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- ◆ In total, net assets increased \$254,821, which represents a 13.0 percent increase from 2010.
- ◆ General revenues accounted for \$6,405,541 in revenue or 70.0 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 \$2,756,708 or 30.0 percent of total revenues of \$9,162,249.
- ◆ Total assets of governmental activities increased by \$345,742 as cash and cash equivalents increased by \$367,471, receivables increased by \$23,469 and capital assets decreased by \$46,758.
- ◆ The School District had \$8,907,428 in expenses; only \$2,756,708 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$6,405,541 were adequate to provide for these programs.
- ◆ Among major funds, the General Fund had \$8,793,381 in revenues and \$8,418,908 in expenditures. The General Fund's surplus balance increased \$374,473 compared to a budgeted decrease of \$300,000.

Using this Generally Accepted Accounting Principals Report (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Blairstown Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail.

For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Blairstown Township School District, the General Fund is by far the most significant fund.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. 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, 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 instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity--This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 16. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2011 compared to 2010.

Table 1
Net Assets

	<u>2011</u>	<u>2010</u>
Assets		
Current and Other Assets	\$ 1,162,632	\$ 770,132
Capital Assets	1,375,336	1,422,094
Total Assets	<u>2,537,968</u>	<u>2,192,226</u>
Liabilities		
Long-Term Liabilities	215,572	139,905
Other Liabilities	114,552	99,298
Total Liabilities	<u>330,124</u>	<u>239,203</u>
Net Assets		
Invested in Capital Assets, Net of Debt	1,375,336	1,422,094
Restricted	676,311	434,835
Unrestricted	156,197	96,094
Total Net Assets	<u>\$ 2,207,844</u>	<u>\$ 1,953,023</u>

Total assets increased \$345,742. Cash and cash equivalents increased by \$367,471, receivables increased by \$23,469, and capital assets decreased by \$46,758. Cash increased due to budget expense savings and overachievement of budgeted revenues. Capital assets decreased due to depreciation expense.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED

Table 2 shows the changes in net assets from fiscal year 2010.

Table 2
Changes in Net Assets

	<u>2011</u>	<u>2010</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 94,057	\$ 82,459
Operating Grants and Contributions	2,662,651	3,227,922
General Revenues:		
Property Taxes	6,242,100	6,002,019
Other	163,441	278,857
Total Revenues	<u>9,162,249</u>	<u>9,591,257</u>
 Program Expenses		
Instruction	5,279,811	5,880,995
Support Services:		
Tuition	78,585	72,863
Pupils and Instructional Staff	1,314,515	1,382,647
General Administration, School Administration, Business	779,896	727,370
Operations and Maintenance of Facilities	732,576	653,025
Pupil Transportation	550,033	569,972
Business-Type Activities	120,893	118,739
Interest and Fiscal Charges	51,119	55,156
Total Expenses	<u>8,907,428</u>	<u>9,460,767</u>
 Increase in Net Assets	<u>\$ 254,821</u>	<u>\$ 130,490</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 68.1 percent of revenues for governmental activities for the Blairstown Township School District for the fiscal year 2011.

Instruction comprises 59.3 percent of district expenses. Support services expenses make up 38.8 percent of the expenses.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2010. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services 2011</u>	<u>Net Cost of Services 2011</u>	<u>Total Cost of Services 2010</u>	<u>Net Cost of Services 2010</u>
Instruction	\$5,279,811	\$ 3,621,925	\$ 5,880,995	\$3,767,403
Support Services:				
Tuition	78,585	57,011	72,863	51,148
Pupils and Instructional Staff	1,314,515	923,435	1,382,647	905,227
General Admin., School Admin., Business	779,896	565,792	727,370	510,594
Operation and Maintenance of Facilities	732,576	531,463	653,025	458,406
Pupil Transportation	550,033	399,033	569,972	400,105
Business-Type Activities	120,893	942	118,739	2,347
Interest and Fiscal Charges	51,119	51,119	55,156	55,156
Total Expenses	<u>\$8,907,428</u>	<u>\$6,150,720</u>	<u>\$9,460,767</u>	<u>\$6,150,386</u>

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

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

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, as well as to and from school activities, as provided by state law.

Business-type activities includes expenses related to activities provided by the School District which are designed to provide for students to participate in food service.

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

The dependence upon tax revenues is apparent. Over 68.6 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 69.8 percent. The community, as a whole, is the primary support for the Blairstown Township School District.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED

The School District's Funds

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$9,042,290 and expenditures of \$8,667,817. The net change in fund balance for the year was most significant in the General Fund, an increase of \$374,473 due to budget expense savings and overachievement of budgeted revenues.

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 cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the fiscal 2011 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding TPAF on-behalf amount, was \$8,126,864, \$141,864 over original budgeted estimates of \$7,985,000. This difference was due to extraordinary aid and cost sharing revenue.

The General fund revenues of the School District exceeded expenditures by \$321,713 due to budget expense savings in the areas of instruction, transportation, maintenance, and administration, as well as overachievement of budgeted revenues as noted above.

Capital Assets

At the end of the fiscal year 2011, the School District had \$1,375,336 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2011 balances compared to 2010.

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

	<u>2011</u>	<u>2010</u>
Land	\$ 500,000	\$ 500,000
Land Improvements	56,765	71,462
Buildings and Improvements	670,052	682,544
Machinery and Equipment	148,519	168,088
Totals	<u>\$ 1,375,336</u>	<u>\$ 1,422,094</u>

Overall capital assets decreased \$46,758 from fiscal year 2010 to fiscal year 2011. Increases in capital assets were offset due to depreciation expenses for the year.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED

Capital assets purchased during fiscal year 2011 totaled \$23,682.

Debt Administration

At June 30, 2011, the School District had \$215,572 as long term liabilities. This amount is for compensated absences.

At June 30, 2011, the School District's overall legal debt margin was \$28,534,756 and the unvoted debt margin was the same as the district has no bond/note indebtedness.

For the Future

Blairstown Township School District was successful in passing the 2011-2012 school budget. The Board of Education has shown fiscal responsibility to the citizens by maintaining a stable tax rate for the past 10 years.

In conclusion, the Blairstown Township School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the

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 Molly P. Petty, School Business Administrator/Board Secretary at Blairstown Township School District, PO Box E, One Sunset Hill Road, Blairstown, NJ 07825.

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.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET ASSETS
JUNE 30, 2011

ASSETS	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE
	ACTIVITIES	ACTIVITIES	TOTAL
Cash and Cash Equivalents	\$ 843,434	\$ 481	\$ 843,915
Receivables, Net	299,135	2,762	301,897
Interfund Receivables		13,707	13,707
Inventory		3,113	3,113
Capital Assets, Net (Note 6):	1,356,802	18,534	1,375,336
Total Assets	2,499,371	38,597	2,537,968
LIABILITIES			
Accounts Payable	86,974	7,446	94,420
Interfund Payable	13,707		13,707
Deferred Revenue	5,423	1,002	6,425
Noncurrent Liabilities (Note 7):			
Due Beyond One Year	215,572		215,572
Total Liabilities	321,676	8,448	330,124
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	1,356,802	18,534	1,375,336
Restricted for:			
Other Purposes	676,311		676,311
Unrestricted	144,582	11,615	156,197
Total Net Assets	\$ 2,177,695	\$ 30,149	\$ 2,207,844

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	PROGRAM REVENUES				NET(EXPENSE) REVENUE AND CHANGES IN NET ASSETS		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Governmental Activities:							
Instruction:							
Regular	\$ 3,850,889	\$ 6,241	\$ 1,259,366		\$ (2,585,282)		\$ (2,585,282)
Special Education	1,292,245	2,094	352,664		(937,487)		(937,487)
Other Special Instruction	136,677	221	37,300		(99,156)		(99,156)
Support Services:							
Tuition	78,585	127	21,447		(57,011)		(57,011)
Student & Instruction Related Services	1,314,515	2,130	388,950		(923,435)		(923,435)
School Administrative Services	232,409	377	63,426		(168,606)		(168,606)
General and Business Admin. Services	547,487	887	149,414		(397,186)		(397,186)
Plant Operations and Maintenance	732,576	1,187	199,926		(531,463)		(531,463)
Pupil Transportation	550,033	891	150,109		(399,033)		(399,033)
Unallocated Depreciation	51,119				(51,119)		(51,119)
Total Governmental Activities	8,786,535	14,155	2,622,602		(6,149,778)		(6,149,778)
Business-Type Activities:							
Food Service	120,893	79,902	40,049			\$ (942)	(942)
Total Business-Type Activities	120,893	79,902	40,049	-		(942)	(942)
Total Primary Government	\$ 8,907,428	\$ 94,057	\$ 2,662,651	\$ -	\$ (6,149,778)	\$ (942)	\$ (6,150,720)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					\$ 6,242,100		\$ 6,242,100
Investment Earnings					10,321	\$ 8	10,329
Miscellaneous Income					153,112		153,112
Total General Revenues, Special Items, Extraor. Items & Transfers					6,405,533	8	6,405,541
Change in Net Assets					255,755	(934)	254,821
Net Assets—Beginning (as restated)					1,921,940	31,083	1,953,023
Net Assets—Ending					\$ 2,177,695	\$ 30,149	\$ 2,207,844

The accompanying Notes to Basic 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 type.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2011

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS				
Cash and Cash Equivalents	\$ 805,829		\$ 37,605	\$ 843,434
Interfund Receivable	118,823	\$ 709		119,532
Receivables from Other Governments	50,103	123,537	125,495	299,135
TOTAL ASSETS	\$ 974,755	\$ 124,246	\$ 163,100	\$ 1,262,101
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 86,974			\$ 86,974
Interfund Payable	14,416	\$ 118,823		133,239
Deferred Revenue		5,423		5,423
Total Liabilities	101,390	124,246	-	225,636
Fund Balances:				
<u>Restricted for:</u>				
Capital Reserve	350,000			350,000
Excess Surplus	51,311			51,311
Excess Surplus-Design. For Subseq. Yrs Expend.	72,258			72,258
<u>Assigned to:</u>				
Year-End Encumbrances	63,539			63,539
General Fund-Designated for Subsequent Year's Expend.	202,742			202,742
Capital Fund - Undesignated			\$ 163,100	163,100
<u>Unassigned:</u>				
General Fund - Undesignated	133,515			133,515
Total Fund Balances	873,365		163,100	1,036,465
TOTAL LIABILITIES AND FUND BALANCE	\$ 974,755	\$ 124,246	\$ 163,100	\$ 1,262,101

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 \$2,724,292 and the
accumulated depreciation is \$1,367,490 (see Note 6). \$1,356,802

Long-term liabilities, including bonds payable, are not due
and payable in the current period and therefore are not
reported as liabilities in the funds (see Note 7). (215,572)

Net assets of governmental activities \$2,177,695

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
Local Tax Levy	\$ 6,242,100			\$ 6,242,100
Tuition	14,155			14,155
Miscellaneous	153,159	\$ 10,274		163,433
Total - Local Sources	6,409,414	10,274		6,419,688
State Sources	2,383,967		-	2,383,967
Federal Sources		238,635		238,635
Total Revenues	8,793,381	248,909	-	9,042,290
EXPENDITURES				
Current:				
Regular Instruction	3,116,450	218,701		3,335,151
Special Education Instruction	1,120,847			1,120,847
Other Special Instruction	118,549			118,549
Support services and undistributed costs:				
Tuition	68,162			68,162
Student and Instruction Related Services	1,109,955	30,208		1,140,163
School Administrative Services	201,583			201,583
Other Administrative Services	470,131			470,131
Plant Operations and Maintenance	633,762			633,762
Pupil Transportation	471,409			471,409
Unallocated Benefits	847,938			847,938
Charter School	235,027			235,027
Debt Service:				
Principal				-
Interest and Other Charges				-
Capital Outlay	25,095		-	25,095
Total Expenditures	8,418,908	248,909	-	8,667,817
Excess (Deficiency) of Revenues Over Expenditures	374,473		-	374,473
Net Change in Fund Balances	374,473	-	-	374,473
Fund Balance—July 1	498,892		\$ 163,100	661,992
Fund Balance—June 30	\$ 873,365		\$ 163,100	\$ 1,036,465

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit B-3

**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, 2011**

Total Net Change in Fund Balances - Governmental Funds (from B-2) **\$ 374,473**

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	\$ (66,733)	
Capital Outlays	<u>23,682</u>	(43,051)

In the statement of activities, compensated absences is accrued regardless of when paid. In the governmental funds, compensated absences are reported when paid. This is the amount by which the current year's compensated absence payments exceed the current year's amount earned.

(75,667)

Change in Net Assets of Governmental Activities **\$ 255,755**

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET ASSETS
 PROPRIETARY FUNDS

JUNE 30, 2011

		Business-Type Activities- Enterprise Funds	
		Food Service	Totals
ASSETS			
Current assets:			
Cash and Cash Equivalents		\$ 481	\$ 481
Accounts Receivable		2,762	2,762
Interfund Receivable		13,707	13,707
Inventories		3,113	3,113
Total Current Assets		20,063	20,063
Noncurrent Assets:			
Furniture, Machinery and Equipment		74,448	74,448
Less Accumulated Depreciation		(55,914)	(55,914)
Total Noncurrent Assets		18,534	18,534
	Total Assets	38,597	38,597
LIABILITIES			
Current liabilities:			
Accounts Payable		7,446	7,446
Deferred Revenue		1,002	1,002
Total Current Liabilities		8,448	8,448
	Total Liabilities	8,448	8,448
NET ASSETS			
Invested in Capital Assets Net of Related Debt		18,534	18,534
Unrestricted		11,615	11,615
Total Net Assets		\$ 30,149	\$ 30,149

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit B-5

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	Business-type Activities-	
	Enterprise Fund	
	Food	Total
	Service	Enterprise
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 78,620	\$ 78,620
Daily Sales - Non-Reimbursable Programs	850	850
Miscellaneous	432	432
Total Operating Revenues	79,902	79,902
Operating Expenses:		
Cost of Sales	56,891	56,891
Salaries	40,521	40,521
Employee Benefits	9,360	9,360
Other Purchased Professional Services	6,969	6,969
Miscellaneous	3,445	3,445
Depreciation	3,707	3,707
Total Operating Expenses	120,893	120,893
Operating Income (Loss)	(40,991)	(40,991)
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	1,569	1,569
Federal Sources:		
National School Lunch Program	29,995	29,995
Food Distribution Program	8,485	8,485
Interest Income	8	8
Total Nonoperating Revenues (Expenses)	40,057	40,057
Income (Loss)	(934)	(934)
Change in Net Assets	(934)	(934)
Total Net Assets—Beginning	31,083	31,083
Total Net Assets—Ending	\$ 30,149	\$ 29,215

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2011

	Business-Type Activities- Enterprise Funds	
	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 79,778	\$ 79,778
Payments to Employees	(40,521)	(40,521)
Payments for Employee Benefits	(9,360)	(9,360)
Payments to Suppliers	(58,608)	(58,608)
Net Cash Provided by (used for) Operating Activities	(28,711)	(28,711)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	891	891
Federal Sources	16,542	16,542
Interest Income	10,248	10,248
Operating Transfers to Other Funds	8	8
Net Cash Provided by (used for) Non-Capital Financing Activities	27,689	27,689
Net Increase (Decrease) in Cash and Cash Equivalents	(1,022)	(1,022)
Balances—Beginning of Year	1,503	1,503
Balances—End of Year	\$ 481	\$ 481
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	\$ (40,991)	\$ (40,991)
Depreciation	3,707	3,707
Provided by (used for) Operating Activities:		
Federal Commodities	8,485	8,485
(Increase) Decrease in Inventories	388	388
Increase (Decrease) in Accounts Payable	(300)	(300)
Total Adjustments	12,280	12,280
Net Cash Provided by (used for) Operating Activities	\$ (28,711)	\$ (28,711)

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit B-7

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

JUNE 30, 2011

		Unemployment Compensation <u>Trust</u>	Agency <u>Fund</u>
	ASSETS		
Cash and Cash Equivalents		\$ 62,342	\$ 9,040
	Total Assets	<u>62,342</u>	<u>9,040</u>
	LIABILITIES		
Accounts Payable			1,005
Payable to Student Groups			8,035
	Total Liabilities		<u>\$ 9,040</u>
	NET ASSETS		
Held in Trust for Unemployment Claims & Other Purposes		<u>\$ 62,342</u>	<u>-</u>

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit B-8

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the Year Ended June 30, 2011

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Contributions:	
Employer	
Plan Member	\$ 7,849
Total Contributions	<u>7,849</u>
Investment Earnings:	
Interest	<u>529</u>
Net Investment Earnings	<u>529</u>
Total Additions	<u>8,378</u>
DEDUCTIONS	
Unemployment Claims	<u>15,618</u>
Total Deductions	<u>15,618</u>
Change in Net Assets	(7,240)
Net Assets—Beginning of the Year	<u>69,582</u>
Net Assets—End of the Year	<u>\$ 62,342</u>

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

Notes to Financial Statements

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of the Blairstown 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 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (Statement No.34). This Statement provides for the most significant change in financial reporting in 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). The District was not required to implement the new model until the 2003-2004 school year.

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, and GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The implementation of these statements had no effect on equity balances as previously reported for the fiscal year ended June 30, 2010.

A. Reporting Entity:

The Blairstown Township School District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of seven members elected to three-year terms. The purpose of the district is to educate students in grades K-6. The Blairstown Township School District had an approximate enrollment at June 30, 2011, of 634 students.

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.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

The School 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.

Basis of Presentation

District-wide Statements: The statement of net assets and the statement of activities display information about the District as a whole. 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 activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net assets presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the 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. Program revenues include (a) fees and 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, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

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.

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

GOVERNMENTAL FUNDS (Continued)

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

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 District reports the following proprietary fund:

Enterprise (Food Service) Fund - The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent 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.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

Additionally, the District reports the following fund type:

Fiduciary Funds - The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund, Payroll Agency Fund and Unemployment Compensation Trust Fund.

Basis of Accounting

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 New Jersey 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 to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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 funds. 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. All budget amendments/transfers must be approved by School Board resolution. In addition, transfers are also covered by changes in N.J.A.C. 6A:23A-2.3 that can require approval through the state department. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

D. Encumbrance 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.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, money market accounts and short-term investments with original maturities of three months or less.

Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

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 School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

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

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

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.

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 vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and upon retirement are reimbursed \$40 per unused sick day up to a maximum of 150 unused sick days with a minimum of 20 years of service in the district.

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.

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations:

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

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.

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.

Revenues—Exchange and Nonexchange 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. For the District, available means within sixty days of the fiscal year end.

Nonexchange 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 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 nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest and tuition.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

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.

Allocation of Indirect Expenses:

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

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.

Management Estimates:

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits:

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

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

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

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

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2011, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2011, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents (A-1)</u>	<u>Cash and Cash Equivalents (B-7)</u>	<u>Total</u>
Checking Accounts	\$ 843,915	\$ 71,382	\$ 915,297
	<u>\$ 843,915</u>	<u>\$ 71,382</u>	<u>\$ 915,297</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2011, was \$915,297 and the bank balance was \$1,011,579. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$273,860 was covered by federal depository insurances and \$737,719 was covered by collateral pool.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 3: RECEIVABLES

Receivables at June 30, 2011, consisted of intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Government-Wide Financial <u>Statements</u>
State Aid	\$ 175,598	\$ 175,745
Federal Aid	123,537	126,152
Gross Receivable	<u>\$ 299,135</u>	<u>\$ 301,897</u>
Less: Allow. for Uncollectibles		
Total Receivables, Net	<u><u>\$ 299,135</u></u>	<u><u>\$ 301,897</u></u>

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2011, consisted of the following:

Food	<u>\$3,113</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, 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.

NOTE 5: DEFERRED BOND ISSUANCE COSTS

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds (18 to 20 years). The costs associated with the issued of the various bonds are immaterial and are not amortized on the District-wide financial statements.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 500,000			\$ 500,000
Total Capital Assets Not Being Depreciated	500,000			500,000
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	296,068			296,068
Buildings and Building Improvements	1,637,807	\$ 18,257		1,656,064
Machinery and Equipment	266,735	5,425		272,160
Total at Historical Cost	2,700,610	23,682		2,724,292
Less Accumulated Depreciation for:				
Land Improvements	(224,606)	(14,697)		(239,303)
Building and Improvements	(955,263)	(30,749)		(986,012)
Equipment	(120,888)	(21,287)		(142,175)
Total Accumulated Depreciation	(1,300,757)	(66,733)		(1,367,490)
	1,399,853	(43,051)		1,356,802
Government Activity Capital Assets, Net	\$ 1,399,853	\$ (43,051)		\$ 1,356,802

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the District has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 3,557
School Administrative Services	4,739
Plant Operation and Maintenance	1,648
Pupil Transportation	5,670
Unallocated	51,119
Total	<u>\$ 66,733</u>

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 7: LONG-TERM OBLIGATIONS

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

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2011, are as follows:

	Balance <u>7/1/10</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/11</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Other Liabilities:					
Compensated Absences Payable	\$139,905	\$88,129	(\$12,462)	\$215,572	
Total	\$139,905	88,129	(\$12,462)	\$215,572	-

Compensated absences have been liquidated in the General Fund.

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

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

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

For the year ended June 30, 2011, it is not necessary for the Board to establish a liability for arbitrage rebate.

As of June 30, 2011, the District had no issued bonds or authorized but not issued bonds.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 8: 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.

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:66 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 55 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.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 8: PENSION PLANS (Continued)

Significant Legislation - 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, 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.

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% 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 both 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.

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2011	\$86,505	100 %	\$86,505
6/30/2010	\$55,432	100 %	\$55,432
6/30/2009	\$50,307	100 %	\$50,307

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

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2011	-0-	100 %	-0-
6/30/2010	-0-	100	-0-
6/30/2009	-0-	100	-0-

During the fiscal year ended June 30, 2011, the State of New Jersey did contribute \$313,836 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$299,921 during the year ended June 30, 2011, 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 District-wide financial statements, and the fund-based statements and schedules as revenues and expenditures in accordance with GASB Statement No.24.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 9: POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through 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, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

GASB Statement #45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District does not provide post-employment benefits other than pension. Healthcare provided to eligible TPAF and PERS board of education retirees through the NJ State Health Benefits Program are paid by the the State of New Jersey and as such, no district OPEB liability exists.

NOTE 10: DEFERRED COMPENSATION

The Board offers its employees a choice of the following 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 administrators are as follows:

American United Life
The Equitable

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 11: 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 vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and upon retirement are reimbursed \$50 per unused sick day accumulated after July 1, 2010, \$45 per unused days for the next 100 days earned, and \$30 for the remaining days earned, up to a maximum of 200 total unused sick days.

In the district-wide *Statement of Assets*, the liabilities whose average maturities are greater than one year should be reported in two components--the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2011, no liability existed for compensated absences in the proprietary fund types.

NOTE 12: RISK MANAGEMENT

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

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 12: RISK MANAGEMENT (Continued)

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$529	\$7,849	15,618	\$62,342
2009-2010	\$304	\$8,447	\$22,254	\$69,582
2008-2009	\$235	\$8,952		\$83,085

NOTE 13: CONTINGENT LIABILITIES

GRANT PROGRAMS

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

LITIGATION

The Board is not involved in claims and lawsuits incidental to its operations.

NOTE 14: FUND BALANCE APPROPRIATED

General Fund -(Exhibit B-1) Of the \$873,365 General Fund fund balance at June 30, 2011, \$63,539 is reserved for encumbrances; \$123,569 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7, as amended (\$72,258 of the excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2012); \$202,742 has been anticipated as revenue for the year ended June 30, 2012; \$350,000 is reserved for capital reserve, and \$133,515 is unreserved and undesignated.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 15: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2011:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 118,823	\$ 14,416
Special Revenue Fund	709	118,823
Food Service Fund	13,707	
Total	<u>\$ 133,239</u>	<u>\$ 133,239</u>

The general fund owes the special revenue fund \$709 for general fund expenses paid by the special revenue fund.

The general fund owes \$13,707 to the food service fund for federal and state lunch reimbursements received in the general fund, but not yet paid to the food service fund.

The special revenue fund owes the general fund \$118,823 for cash advances in anticipation of federal grant funds.

NOTE 17: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund 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, 2011 is \$51,311.

NOTE 18: RETROACTIVE RESTATEMENT OF NET ASSETS

Restatement of Prior Period:

As an ongoing process of maintaining records in accordance with GASB#34, the district conducted a physical appraisal of capital assets as of June 30, 2011. The appraisal revealed asset activity that that should be recorded as of June 30, 2010. Accordingly, a restatement of net assets as of June 30, 2010 was necessary.

<u>Governmental Activities Net Assets:</u>	
Net Assets (per A-1), June 30, 2010	\$ 2,216,726
Restatement of Capital Assets	<u>(294,786)</u>
Fund balance (per A-1), June 30, 2010, as Restated	<u>\$ 1,921,940</u>

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 19: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District Board of Education on June 16, 2011, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (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 or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

Beginning balance June 30, 2011	
Deposits (PL 2007 c.62 (A1)) - Board Resolution Date 6/16/2011	\$ 350,000
Interest Earned	-
Withdrawals:	-
Ending balance June 30, 2011	<u>\$ 350,000</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 6,242,100		\$ 6,242,100	\$ 6,242,100	
Tuition			-	14,155	\$ 14,155
Miscellaneous	75,553		75,553	153,159	77,606
Total - Local Sources	6,317,653		6,317,653	6,409,414	91,761
State Sources:					
Equalization Aid	1,366,492	\$ (100,451)	1,266,041	1,266,041	
Special Education Aid	240,724	100,451	341,175	341,175	
Security Aid	10,940		10,940	10,940	
Adjustment Aid	49,191		49,191	49,191	
Other State Aid				50,103	50,103
TPAF Pension (On-Behalf - Non-Budgeted)				313,836	313,836
TPAF Social Security (Reimbursed - Non-Budgeted)				299,921	299,921
Total State Sources	1,667,347		1,667,347	2,331,207	663,860
TOTAL REVENUES	7,985,000		7,985,000	8,740,621	755,621

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	250,000	(73,000)	177,000	176,745	255
Grades 1-5 - Salaries of Teachers	1,567,100	76,000	1,643,100	1,639,703	3,397
Grades 6-8 - Salaries of Teachers	399,300	30,700	430,000	429,097	903
Regular Programs - Home Instruction:					
Salaries of Teachers	2,500	4,300	6,800	6,743	57
Purchased Professional - Educational Services		2,200	2,200	2,150	50
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	115,027	(20,000)	95,027	93,189	1,838
Other Purchased Services (400-500 series)	20,030	7,467	27,497	25,814	1,683
General Supplies	94,950	116,700	211,650	178,450	33,200
Textbooks	2,500	(2,500)			
TOTAL REG. PROGRAMS - INSTRUCTION	2,451,407	141,867	2,593,274	2,551,891	41,383
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of Teachers	137,650		137,650	137,300	350
Other Salaries for Instruction	25,100	6,500	31,600	31,580	20
General Supplies	500	750	1,250		1,250
Textbooks	250		250		250
Total Learning and/or Language Disabilities:	163,500	7,250	170,750	168,880	1,870
Multiple Disabilities:					
Salaries of Teachers	61,630		61,630	57,330	4,300
General Supplies	1,500		1,500	804	696
Total Multiple Disabilities	63,130		63,130	58,134	4,996
Resource Room/Resource Center:					
Salaries of Teachers	460,200	73,000	533,200	533,167	33
Other Salaries for Instruction	22,400	(6,600)	15,800		15,800
General Supplies	4,000	(3,391)	609	585	24
Textbooks	200		200		200
Total Resource Room/Resource Center	486,800	63,009	549,809	533,752	16,057
Autism:					
Salaries of Teachers	83,000	(83,000)			
General Supplies	250		250	33	217
Total Autism	83,250	(83,000)	250	33	217

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Preschool Disabilities - Part-Time:					
Salaries of Teachers	29,154	(2,000)	27,154	17,161	9,993
Other Salaries for Instruction	9,757	2,000	11,757	11,575	182
General Supplies	167		167		167
Total Preschool Disabilities - Part-Time	39,078		39,078	28,736	10,342
Preschool Disabilities - Full-Time:					
Salaries of Teachers	58,396		58,396	55,880	2,516
Other Salaries for Instruction	19,543		19,543	16,912	2,631
General Supplies	334		334		334
Total Preschool Disabilities - Full-Time	78,273		78,273	72,792	5,481
TOTAL SPECIAL ED. - INSTRUCTION	914,031	(12,741)	901,290	862,327	38,963
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	144,214	2,000	146,214	117,364	28,850
General Supplies	1,000		1,000	84	916
Textbooks	200		200		200
Total Basic Skills/Remedial - Instruction	145,414	2,000	147,414	117,448	29,966
Bilinual Education					
Salaries of Teachers	7,813	(2,500)	5,313		5,313
General Supplies	225		225		225
Total Bilinual Education	8,038	(2,500)	5,538		5,538
School Sponsored Co/Extra Curricular Activities-Instruction:					
Salaries	7,100		68,500	1,101	67,399
Total School Sponsored Co/Extra Curricular Activities-Instr.	7,100		68,500	1,101	67,399
TOTAL INSTRUCTION	3,525,990	128,626	3,716,016	3,532,767	183,249
UNDISTRIBUTED EXPENDITURES					
Instruction:					
Tuition to Other LEAs Within the State-Regular	45,915		45,915	45,915	
Tuition to Other LEAs Within the State-Special	20,000		20,000	18,516	1,484
Tuition to CSSD & Regional Day Schools		2,000	2,000	1,867	133
Tuition - Private Schools for the Disabled Within the State	54,147	(4,500)	49,647	1,864	47,783
Total Instruction	120,062	(2,500)	117,562	68,162	49,400
Health Services:					
Salaries	83,550	2,500	86,050	86,010	40
Purchased Professional and Technical Services	4,500		4,500	1,892	2,608
Other Purchased Services (400-500 series)	500	(1,000)	(500)	85	(585)
Supplies and Materials	2,000		2,000	1,492	508
Total Health Services	90,550	1,500	92,050	89,479	2,571

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Other Supp. Services Students-Related Serv.:					
Salaries	180,200	4,000	184,200	183,980	220
Purchased Professional - Educational Services	20,000		20,000	5,960	14,040
Supplies and Materials	750		750	344	406
Total Other Supp. Serv. Students-Related Serv.	200,950	4,000	204,950	190,284	14,666
Other Supp. Services Students-Extra.Services:					
Salaries	144,500	24,000	168,500	168,471	29
Purchased Professional - Educational Services	31,000	(4,000)	27,000	26,912	88
Supplies and Materials	500		500		500
Total Other Supp. Services Students-Extra.Services	176,000	20,000	196,000	195,383	617
Other Supp. Services Students-Regular:					
Salaries of Other Professional Staff	59,400	2,000	61,400	61,000	400
Supplies and Materials	1,500		1,500	958	542
Total Other Supp. Services Students-Regular	60,900	2,000	62,900	61,958	942
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	290,075	10,700	300,775	300,736	39
Salaries of Secretarial and Clerical Assistants	27,407	1,400	28,807	28,779	28
Purchased Professional - Educational Services	9,000		9,000	5,328	3,672
Supplies and Materials	6,500	(2,100)	4,400	4,322	78
Other Objects	900		900	100	800
Total Other Supp. Services Students-Special	333,882	10,000	343,882	339,265	4,617
Educational Media Services/School Library:					
Salaries	34,540	2,000	36,540	36,495	45
Purchased Professional - Technical Services	4,900		4,900	829	4,071
Supplies and Materials	3,000		3,000	2,970	30
Total Educational Media Services/School Library	42,440	2,000	44,440	40,294	4,146
Instructional Staff Training Services:					
Purchased Professional - Educational Services		1,300	1,300	1,300	
Other Purchased Services (400-500 series)		12,550	12,550	11,077	1,473
Total Instructional Staff Training Services		13,850	13,850	12,377	1,473

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Supp. Services - General Administration:					
Salaries	189,602		189,602	170,535	19,067
Legal Services	10,000		10,000	7,118	2,882
Audit Fees	15,000	(3,000)	12,000	11,778	222
Other Purchased Professional Services	2,395		2,395	2,395	
Purchased Technical Services		3,000	3,000	3,000	
Communications/Telephone	29,600		29,600	24,330	5,270
Other Purchased Services (400-500 series)	31,686	34,362	66,048	59,199	6,849
General Supplies	5,500		5,500	5,170	330
BOE In-House Training/Meeting Supplies	500		500		500
Miscellaneous Expenditures	2,200		2,200	1,380	820
BOE Membership Dues and Fees	6,000		6,000	4,913	1,087
Total Supp. Services - General Administration	292,483	34,362	326,845	289,818	37,027
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	112,150	1,100	113,250	112,571	679
Salaries of Other Professional Staff	42,500	(42,500)			
Salaries of Secretarial and Clerical Assistants		43,400	43,400	41,713	1,687
Other Purchased Services (400-500 series)		500	500	281	219
Supplies and Materials	500	400	900	845	55
Other Objects	1,050		1,050	1,015	35
Total Support Services - School Administration	156,200	2,900	159,100	156,425	2,675
Central Services:					
Salaries	99,991	(25)	99,966	99,720	246
Purchased Technical Services	13,635		13,635	13,196	439
Miscellaneous Purchased Services (400-500 series)		25	25	20	5
Supplies and Materials	1,100	3,850	4,950	4,618	332
Miscellaneous Expenditures	1,200		1,200	1,037	163
Total Central Services	115,926	3,850	119,776	118,591	1,185
Required Maintenance for School Facilities:					
Salaries	53,642	1,310	54,952	54,948	4
Cleaning, Repair and Maintenance Services	63,800	60,482	124,282	110,495	13,787
General Supplies	12,500	21,500	34,000	21,007	12,993
Total Required Maintenance for School Facilities	129,942	83,292	213,234	186,450	26,784

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Other Operations and Maintenance of Plant:					
Salaries	117,463	5,000	122,463	122,317	146
Purchased Professional and Technical Services	5,200	(260)	4,940	4,710	230
Cleaning, Repair and Maintenance Services	35,000	(6,000)	29,000	28,766	234
Rental of Land & Bldg. Oth. Than Lease Purch Agreement	6,000		6,000	6,000	
Other Purchased Property Services	2,200	(1,400)	800	181	619
Insurance	45,000		45,000	44,045	955
Miscellaneous Purchased Services	1,050		1,050	401	649
General Supplies	26,000	(5,250)	20,750	15,552	5,198
Energy (Natural Gas)	3,100	50	3,150	3,138	12
Energy (Electricity)	110,154	(22,000)	88,154	86,499	1,655
Energy (Oil)	105,000	(19,000)	86,000	82,661	3,339
Gasoline	500		500	273	227
Total Other Operations and Maintenance of Plant Care and Upkeep of Grounds:	456,667	(48,860)	407,807	394,543	13,264
Cleaning, Repair and Maintenance Services	3,000	1,400	4,400	4,380	20
Total Care and Upkeep of Grounds:	3,000	1,400	4,400	4,380	20
Student Transportation Services					
Salaries for Pupil Transpor.(Between Home & School)-Regular	27,781		27,781	27,116	665
Salaries for Pupil Transpor.(Between Home & School)-Special	27,400		27,400	18,481	8,919
Management Fee - ESC & CTSA Trans. Program	1,400		1,400		1,400
Other Purchased Professional - Technical Services	550		550	50	500
Cleaning, Repair and Maintenance Services	2,000	9,600	11,600	11,573	27
Contracted Services - Aid in Lieu of Payments-Nonpublic Sch.	22,000		22,000	19,874	2,126
Contracted Services (Between Home and Sch.)-Vendors	353,407	(5,600)	347,807	321,643	26,164
Contracted Services (Special Education Students)-Vendors	84,409	(6,000)	78,409	53,764	24,645
Supplies and Materials	4,500	2,000	6,500	6,414	86
Total Student Transportation Services	523,447		523,447	458,915	64,532

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
ALLOCATED BENEFITS					
Regular Programs-Instruction:					
Health Benefits	785,633	(211,350)	574,283	564,559	9,724
Total Regular Programs-Instruction	785,633	(211,350)	574,283	564,559	9,724
Special Programs-Instruction:					
Health Benefits	320,223	(43,000)	277,223	258,520	18,703
Other Employee Benefits					
Total Special Programs-Instruction	320,223	(43,000)	277,223	258,520	18,703
Health Services:					
Health Benefits	25,982		25,982	23,624	2,358
Other Support Services-Students-Related Services:					
Health Benefits	56,919		56,919	50,689	6,230
Other Support Services-Students-Regular:					
Health Benefits	26,840	(2,000)	24,840	16,802	8,038
Total Other Support Services-Students-Regular	26,840	(2,000)	24,840	16,802	8,038
Other Support Services-Students-Special:					
Health Benefits	96,148		96,148	89,800	6,348
Total Other Support Services-Students-Special	96,148		96,148	89,800	6,348
Support Services - General Administration					
Health Benefits	39,665	18,200	57,865	57,814	51
Total Support Services - General Administration	39,665	18,200	57,865	57,814	51
Support Services - School Administration:					
Health Benefits	36,205	9,000	45,205	45,158	47
Total Support Services - School Administration	36,205	9,000	45,205	45,158	47
Central Services:					
Health Benefits	26,840	(3,700)	23,140	3,908	19,232
Total Central Services	26,840	(3,700)	23,140	3,908	19,232

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Operation and Maintenance of Plant Services:					
Health Benefits	30,200	18,250	48,450	48,389	61
Total Operation and Maintenance of Plant Services	<u>30,200</u>	<u>18,250</u>	<u>48,450</u>	<u>48,389</u>	<u>61</u>
Student Transportation Services:					
Health Benefits	13,630		13,630	12,494	1,136
Total Student Transportation Services	<u>13,630</u>		<u>13,630</u>	<u>12,494</u>	<u>1,136</u>
TOTAL ALLOCATED BENEFITS	<u>1,458,285</u>	<u>(214,600)</u>	<u>1,243,685</u>	<u>1,171,757</u>	<u>71,928</u>
UNALLOCATED BENEFITS					
Social Security Contributions	88,855	(5,500)	83,355	72,829	10,526
Other Retirement Contributions-Regular	63,750	23,000	86,750	86,505	245
Workmen's Compensation	51,460	(4,300)	47,160	44,385	2,775
Tuition Reimbursement	12,000	6,025	18,025	18,000	25
Other Employee Benefits	94,500	(24,725)	69,775	12,462	57,313
TOTAL UNALLOCATED BENEFITS	<u>310,565</u>	<u>(5,500)</u>	<u>305,065</u>	<u>234,181</u>	<u>70,884</u>
On-behalf TPAF pension Contrib. (non-budgeted)				313,836	(313,836)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				299,921	(299,921)
TOTAL ON-BEHALF CONTRIBUTIONS				<u>613,757</u>	<u>(613,757)</u>
TOTAL PERSONAL SERV.-EMPLOYEE BENEFITS	<u>1,768,850</u>	<u>(220,100)</u>	<u>1,548,750</u>	<u>2,019,695</u>	<u>(470,945)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>4,471,299</u>	<u>(92,306)</u>	<u>4,378,993</u>	<u>4,626,019</u>	<u>(247,026)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>7,997,289</u>	<u>36,320</u>	<u>8,033,609</u>	<u>8,158,786</u>	<u>(125,177)</u>
CAPITAL OUTLAY					
Equipment:					
Instructional Equipment		5,500	5,500	5,425	75
Total Equipment		<u>5,500</u>	<u>5,500</u>	<u>5,425</u>	<u>75</u>

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	10,000		10,000		10,000
Construction Services	43,629	18,257	61,886	18,257	43,629
Other Objects	1,413		1,413	1,413	
Total Facilities Acquisition and Construction Services	<u>55,042</u>	<u>18,257</u>	<u>73,299</u>	<u>19,670</u>	<u>53,629</u>
TOTAL CAPITAL OUTLAY	<u>55,042</u>	<u>23,757</u>	<u>78,799</u>	<u>25,095</u>	<u>53,704</u>
Transfer of Funds to Charter Schools	232,669	2,500	235,169	235,027	142
TOTAL EXPENDITURES	<u>8,285,000</u>	<u>62,577</u>	<u>8,347,577</u>	<u>8,418,908</u>	<u>(71,331)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(300,000)</u>	<u>(62,577)</u>	<u>(362,577)</u>	<u>321,713</u>	<u>684,290</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(300,000)</u>	<u>(62,577)</u>	<u>(362,577)</u>	<u>321,713</u>	<u>684,290</u>
Fund Balance, July 1	718,240		718,240	718,240	
Fund Balance, June 30	<u>\$ 418,240</u>	<u>\$ (62,577)</u>	<u>\$ 355,663</u>	<u>\$ 1,039,953</u>	<u>\$ 684,290</u>

Recapitulation:

Restricted for:

Capital Reserve	350,000
Excess Surplus	51,311
Excess Surplus - Designated for Subsequent Year's Expenditures	72,258

Assigned to:

Year-End Encumbrances	63,539
Designated for Subsequent Year's Expenditures	202,742

Unassigned:

Unrestricted Fund Balance	300,103
Fund Balance per Governmental Funds(Budgetary Basis)	<u>1,039,953</u>

Reconciliation to Governmental Funds Statement(GAAP Basis):

Last State Aid Payment not recognized on GAAP basis	(166,588)
Fund Balance per Governmental Funds(GAAP Basis)	<u>\$ 873,365</u>

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources	\$ 3,292	\$ 12,405	\$ 15,697	\$ 10,274	\$ (5,423)
Federal Sources	205,284	33,351	238,635	238,635	
Total Revenues	208,576	45,756	254,332	248,909	(5,423)
EXPENDITURES:					
Instruction					
Salaries of Teachers		63,962	63,962	63,962	
Tuition	205,284	(55,284)	150,000	150,000	
Other Purchased Services		2,124	2,124	2,124	
General Supplies	3,292	4,746	8,038	2,615	5,423
Total Instruction	208,576	15,548	224,124	218,701	5,423
Support Services					
Personal Services - Employee Benefits		8,554	8,554	8,554	
Purchased Professional and Technical Services		10,369	10,369	10,369	
Other Purchased Services		2,506	2,506	2,506	
Supplies and Materials		8,779	8,779	8,779	
Total Support Services	-	30,208	30,208	30,208	
Total Expenditures	208,576	45,756	254,332	248,909	5,423
Total Outflows	208,576	45,756	254,332	248,909	5,423
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					
Fund Balance per Governmental Funds(Budgetary Basis)					<u>None</u>
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis					<u>None</u>
Fund Balance per Governmental Funds(GAAP Basis)					<u>None</u>

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-3

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended June 30, 2011

**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 (Exhibits C-1 and C-2, respectively)	\$ 8,740,621	\$ 248,909
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	-
Current Year Encumbrances	N/A	-
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	219,348	N/A
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	(166,588)	N/A
	<u>\$ 8,793,381</u>	<u>\$ 248,909</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 8,418,908	\$ 248,909
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	-
Current Year Encumbrances	N/A	-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	N/A	N/A
	<u>\$ 8,418,908</u>	<u>\$ 248,909</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 8,418,908</u>	<u>\$ 248,909</u>

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.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit E-1

SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2011

	Title I Part A	Title II Part A	Title II Part D	IDEA Basic	IDEA Preschool	ARRA IDEA Basic	ARRA Title I	Local Municipal Alliance	Totals
REVENUES									
Local Sources								\$ 10,274	\$ 10,274
Federal Sources	\$35,696	\$ 22,558	\$ 63	\$ 156,056	\$ 13,428	\$ 10,179	\$ 655		238,635
TOTAL REVENUES	35,696	22,558	63	156,056	13,428	10,179	655	10,274	248,909
EXPENDITURES:									
Instruction:									
Salaries of Teachers	28,021	18,693			11,713			5,535	63,962
Purchased Profess. & Tech. Serv.								2,124	2,124
Tuition				150,000					150,000
General Supplies								2,615	2,615
Total Instruction	28,021	18,693	-	150,000	11,713	-	-	10,274	218,701
Support Services:									
Salaries of Other Professional Staff									-
Personal Services-Employee Bene.	4,102	2,737			1,715				8,554
Purchased Profess. & Tech Svcs	1,785	1,128		6,056		1,400			10,369
Purchased Profess. Educ. Svcs									-
Other Purchased Services	1,788		63				655		2,506
Supplies & Materials						8,779			8,779
Total Support Services	7,675	3,865	63	6,056	1,715	10,179	655	-	30,208
TOTAL EXPENDITURES	35,696	22,558	63	156,056	13,428	10,179	655	10,274	248,909
Total Outflows	35,696	22,558	63	156,056	13,428	10,179	655	10,274	248,909
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)									

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit F-1

**CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES**

For the Fiscal Year Ended June 30, 2011

	<u>Date</u>	<u>Original</u>	<u>Revised</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2011</u>
		<u>Appropriations</u>	<u>Appropriations</u>	<u>Prior Years</u>	<u>Current Year</u>	
HVAC, ADA Upgrades, Window Replacement, Asbestos Flooring Replacement, Stair Tread Replacement	5-14-2009					
- State Share		\$ 539,304	\$ 125,495	\$ 71,111		\$ 54,384
- Board of Education		<u>808,955</u>	<u>296,959</u>	<u>188,243</u>		<u>108,716</u>
Totals		<u>\$ 1,348,259</u>	<u>\$ 422,454</u>	<u>\$ 259,354</u>	-	<u>\$ 163,100</u>
Fund Balance, June 30, 2011						<u>\$ 163,100</u>

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit F-2

CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2011

Fund Balance - Beginning	\$ <u>163,100</u>
Fund Balance - Ending	\$ <u><u>163,100</u></u>

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit F-2a

**CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
HVAC PROJECT, STAIR TREADS, ADA UPGRADES, WINDOWS REPLACEMENT, ASBESTOS FLOOR**

From Inception and for the Fiscal Year Ended June 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 125,495		\$ 125,495	\$ 125,495
Transfer from capital outlay	296,959		296,959	296,959
Total Revenues	<u>422,454</u>	<u>-</u>	<u>422,454</u>	<u>422,454</u>
Expenditures and Other Financing Sources				
Construction Services	\$ 253,688		\$ 253,688	\$ 416,788
Purchased Professional Services	5,666		5,666	5,666
Total Expenditures	<u>259,354</u>	<u>-</u>	<u>259,354</u>	<u>422,454</u>
Excess(deficiency) of revenues over(under) expenditures			<u>\$ 163,100</u>	
			Project Fund Balance, 6/30/10	<u>\$ 163,100</u>

Additional project information:

Project Number	SP#0400-030-09-1001
Grant Date	5/14/2009
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$1,348,259
Additional Authorized Cost	-\$925,805
Revised Authorized Cost	\$422,454
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	61%
Original Target Completion Date	6/30/2010
Revised Target Completion Date	6/30/2012

<p style="text-align: center;">PROPRIETARY FUND DETAIL STATEMENTS</p>
--

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 in all schools within the school district.

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

<p style="text-align: center;">FIDUCIARY FUND DETAIL STATEMENTS</p>
--

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 and/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.

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011**

	UNEMPLOYMENT	AGENCY FUNDS		<u>TOTALS</u>
	COMPENSATION	STUDENT	PAYROLL	
	INSURANCE	ACTIVITY	AGENCY	
	<u>TRUST</u>			
ASSETS:				
Cash and Cash Equivalents	\$62,342	\$ 8,035	\$ 1,005	\$ 71,382
TOTAL ASSETS	62,342	8,035	1,005	71,382
LIABILITIES:				
Liabilities:				
Accounts Payable			1,005	1,005
Payable to Student Groups		8,035		8,035
Total Liabilities		8,035	1,005	9,040
NET ASSETS				
Held in Trust for Unemployment				
Claims and Other Purposes	62,342			62,342
TOTAL LIABILITIES AND NET ASSETS	62,342	8,035	1,005	71,382

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit H-2

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 FOR THE FISCAL YEARS ENDED JUNE 30, 2011

	UNEMPLOYMENT COMPENSATION INSURANCE TRUST	TOTALS
ADDITIONS		
Contributions:		
Employer		
Plan Member	\$ 7,849	\$ 7,849
Total Contributions	<u>7,849</u>	<u>7,849</u>
Investment Earnings:		
Interest	529	529
Net Investment Earnings	<u>529</u>	<u>529</u>
Total Additions	<u>8,378</u>	<u>8,378</u>
DEDUCTIONS		
Unemployment Claims	15,618	15,618
Total Deductions	<u>15,618</u>	<u>15,618</u>
Change in Net Assets	<u>(7,240)</u>	<u>(7,240)</u>
Net Assets—Beginning of the Year	<u>69,582</u>	<u>69,582</u>
Net Assets—End of the Year	<u>\$ 62,342</u>	<u>\$ 62,342</u>

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
STUDENT ACTIVITY AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>ACTIVITY</u>	<u>BALANCE JULY 1, 2010</u>	<u>TRANSFERS</u>	<u>CASH RECEIPTS</u>	<u>CASH DISBURSEMENTS</u>	<u>BALANCE JUNE 30, 2011</u>
Class Activities	\$ 17,508		\$ 48,359	\$ 57,832	\$ 8,035
Totals	\$ 17,508	-	\$ 48,359	\$ 57,832	\$ 8,035

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>BALANCE</u> <u>JULY 1, 2010</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2011</u>
ASSETS:				
Cash and Cash Equivalents	\$ 3,008	\$ 5,370,118	\$ 5,372,121	\$ 1,005
Total Assets	<u>\$ 3,008</u>	<u>\$ 5,370,118</u>	<u>\$ 5,372,121</u>	<u>\$ 1,005</u>
LIABILITIES:				
Payroll Deductions and Withholdings		\$ 2,058,745	\$ 2,058,745	-
Accrued Net Payroll		3,311,373	3,311,373	-
Accounts Payable	\$ 3,008		2,003	\$ 1,005
Total Liabilities	<u>\$ 3,008</u>	<u>\$ 5,370,118</u>	<u>\$ 5,372,121</u>	<u>\$ 1,005</u>

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.

N/A

Blairstown Township School District
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	64-69
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	70-73
Debt Capacity (J-10 thru J-13) These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	74-77
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	78-79
Operating Information (J-16 thru J-20) These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	80-84

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.

**Blairstown Township School District
Net Assets by Component,
Last Eight Fiscal Years**

Exhibit J-1

(accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities								
Invested in capital assets, net of related debt	\$ 1,119,829	\$ 1,627,206	\$ 1,426,171	\$ 1,463,853	\$ 1,496,099	\$ 1,496,454	\$ 1,694,639	\$ 1,356,802
Restricted	23,253	71,729	128,652	244,588	289,997	555,868	372,258	676,311
Unrestricted	262,230	(82,222)	(68,689)	(128,811)	165,751	31,601	149,829	144,582
Total governmental activities net assets	<u>\$ 1,405,312</u>	<u>\$ 1,616,713</u>	<u>\$ 1,486,134</u>	<u>\$ 1,579,630</u>	<u>\$ 1,951,847</u>	<u>\$ 2,083,923</u>	<u>\$ 2,216,726</u>	<u>\$ 2,177,695</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 7,116	\$ 5,177	\$ 3,236	\$ 1,297	-	\$ 25,948	\$ 22,241	\$ 18,534
Restricted								-
Unrestricted	2,288	2,215	2,320	4,709	\$ 5,424	7,448	8,842	11,615
Total business-type activities net assets	<u>\$ 9,404</u>	<u>\$ 7,392</u>	<u>\$ 5,556</u>	<u>\$ 6,006</u>	<u>\$ 5,424</u>	<u>\$ 33,396</u>	<u>\$ 31,083</u>	<u>\$ 30,149</u>
District-wide								
Invested in capital assets, net of related debt	\$ 1,126,945	\$ 1,632,383	\$ 1,429,407	\$ 1,465,150	\$ 1,496,099	\$ 1,522,402	\$ 1,716,880	\$ 1,375,336
Restricted	23,253	71,729	128,652	244,588	289,997	555,868	372,258	676,311
Unrestricted	264,518	(80,007)	(66,369)	(124,102)	171,175	39,049	158,671	156,197
Total district net assets	<u>\$ 1,414,716</u>	<u>\$ 1,624,105</u>	<u>\$ 1,491,690</u>	<u>\$ 1,585,636</u>	<u>\$ 1,957,271</u>	<u>\$ 2,117,319</u>	<u>\$ 2,247,809</u>	<u>\$ 2,207,844</u>

Source: CAFR Schedule A-1

Blairstown Township School District
Changes in Net Assets, Last Eight Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	Fiscal Year Ending June 30,								
School administrative services	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental activities									
Instruction									
Regular	N/A	\$ 3,370,600	\$ 3,900,393	\$ 3,593,223	\$ 4,017,690	\$ 4,096,290	\$ 4,199,640	\$ 4,434,790	\$ 3,850,889
Special education		984,190	968,568	1,236,726	1,089,833	1,114,014	1,241,410	1,242,276	1,292,245
Other special education		260,093	268,662	243,916	261,714	256,931	254,691	203,929	136,677
Support Services:									
Tuition		18,495	24,353	19,199	3,491	24,230	102,105	72,863	78,585
Student & instruction related services		1,213,214	1,091,730	1,229,655	1,305,358	1,335,195	1,214,859	1,382,647	1,314,515
School administrative services		191,679	206,089	195,029	211,828	212,372	208,749	208,883	232,409
General administrative services		299,685	368,808	389,570	460,135	470,048	545,828	518,487	547,487
Plant operations and maintenance		506,070	592,477	566,260	650,723	686,894	689,982	653,025	732,576
Pupil transportation		252,842	250,931	275,132	325,687	338,850	386,703	569,972	550,033
Other Support Services		97,072	107,438						
Non-Budgeted Contributions									
Charter Schools									
Interest on long-term debt		52,769	55,157	55,157	4,020	-	-	-	
Unallocated depreciation	-				55,156	55,156	55,156	55,156	51,119
Total governmental activities expenses	-	<u>7,246,709</u>	<u>7,834,606</u>	<u>7,803,867</u>	<u>8,385,635</u>	<u>8,589,980</u>	<u>8,899,123</u>	<u>9,342,028</u>	<u>8,786,535</u>
Business-type activities:									
Food service		147,979	156,467	154,391	155,651	155,183	124,629	118,739	120,893
Child Care									
Total business-type activities expense	-	<u>147,979</u>	<u>156,467</u>	<u>154,391</u>	<u>155,651</u>	<u>155,183</u>	<u>124,629</u>	<u>118,739</u>	<u>120,893</u>
Total district expenses		<u><u>\$ 7,394,688</u></u>	<u><u>\$ 7,991,073</u></u>	<u><u>\$ 7,958,258</u></u>	<u><u>\$ 8,541,286</u></u>	<u><u>\$ 8,745,163</u></u>	<u><u>\$ 9,023,752</u></u>	<u><u>\$ 9,460,767</u></u>	<u><u>\$ 8,907,428</u></u>
Program Revenues									
Governmental activities:									
Charges for services:									
Instruction (Tuition)		\$ 1,388,828	\$ 1,403,661	\$ 1,386,431	\$ 1,569,633	\$ 1,671,311	\$ 1,601,125	\$ 3,808	\$ 14,155
Business and other support services									
Operating grants and contributions		\$ 639,774	\$ 951,470	\$ 632,054	\$ 2,530,624	\$ 2,661,511	\$ 2,390,947	\$ 3,190,181	2,622,602
Capital grants and contributions									-
Total governmental activities program revenues	-	<u>2,028,602</u>	<u>2,355,131</u>	<u>2,018,485</u>	<u>4,100,257</u>	<u>4,332,822</u>	<u>3,992,072</u>	<u>3,193,989</u>	<u>2,636,757</u>
Business-type activities:									
Charges for services:									
Food service		107,507	104,549	103,126	102,366	100,863	88,564	78,651	79,902
Child care	-								
Operating grants and contributions		28,251	29,240	28,421	33,944	34,935	38,052	37,741	40,049
Capital grants and contributions	-						25,948	-	-
Total business type activities program revenues	-	<u>135,758</u>	<u>133,789</u>	<u>131,547</u>	<u>136,310</u>	<u>135,798</u>	<u>152,564</u>	<u>116,392</u>	<u>119,951</u>
Total district program revenues		<u><u>\$ 2,164,360</u></u>	<u><u>\$ 2,488,920</u></u>	<u><u>\$ 2,150,032</u></u>	<u><u>\$ 4,236,567</u></u>	<u><u>\$ 4,468,620</u></u>	<u><u>\$ 4,144,636</u></u>	<u><u>\$ 3,310,381</u></u>	<u><u>\$ 2,756,708</u></u>
Net (Expense)/Revenue									
Governmental activities		\$ (5,218,107)	\$ (5,479,475)	\$ (5,785,382)	\$ (4,285,378)	\$ (4,257,158)	\$ (4,907,051)	\$ (6,148,039)	\$ (6,149,778)
Business-type activities	-	(12,221)	(22,678)	(22,844)	(19,341)	(19,385)	27,935	(2,347)	(942)
Total district-wide net expense		<u><u>\$ (5,230,328)</u></u>	<u><u>\$ (5,502,153)</u></u>	<u><u>\$ (5,808,226)</u></u>	<u><u>\$ (4,304,719)</u></u>	<u><u>\$ (4,276,543)</u></u>	<u><u>\$ (4,879,116)</u></u>	<u><u>\$ (6,150,386)</u></u>	<u><u>\$ (6,150,720)</u></u>

Blairstown Township School District
Changes in Net Assets, Last Eight Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	Fiscal Year Ending June 30,								
School administrative services	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Property taxes levied for general purposes, net		\$ 3,839,550	\$ 3,910,355	\$ 4,162,083	\$ 4,302,865	\$ 4,555,030	\$ 4,636,549	\$ 6,002,019	\$ 6,242,100
Taxes levied for debt service							267,397	125,495	
Restricted grants and contributions		1,385,669	1,172,463	1,652,678	-	-			
Other Aid		4,150	4,143	3,754	-	-	-	-	-
Investment earnings		3,305	4,174	8,454	24,438	21,517	11,714	3,584	10,321
Miscellaneous income		6,068	335	136,264	71,332	71,597	123,467	149,744	153,112
Transfers	-	(17,334)	(20,646)	(38,164)	-	-	-	-	-
Total governmental activities	-	<u>5,221,408</u>	<u>5,070,824</u>	<u>5,925,069</u>	<u>4,398,635</u>	<u>4,648,144</u>	<u>5,039,127</u>	<u>6,280,842</u>	<u>6,405,533</u>
Business-type activities:									
Investment earnings	-	51	18	25	29	34	37	34	8
Transfers	-	17,334	20,646	20,964	-	-	-	-	-
Total business-type activities	-	<u>17,385</u>	<u>20,664</u>	<u>20,989</u>	<u>29</u>	<u>34</u>	<u>37</u>	<u>34</u>	<u>8</u>
Total district-wide		<u>\$ 5,238,793</u>	<u>\$ 5,091,488</u>	<u>\$ 5,946,058</u>	<u>\$ 4,398,664</u>	<u>\$ 4,648,178</u>	<u>\$ 5,039,164</u>	<u>\$ 6,280,876</u>	<u>\$ 6,405,541</u>
Change in Net Assets									
Governmental activities		\$ 3,301	\$ (408,651)	\$ 139,687	\$ 113,257	\$ 390,986	\$ 132,076	\$ 132,803	\$ 255,755
Business-type activities	-	5,164	(2,014)	(1,855)	(19,312)	(19,351)	27,972	(2,313)	(934)
Total district	\$ -	<u>\$ 8,465</u>	<u>\$ (410,665)</u>	<u>\$ 137,832</u>	<u>\$ 93,945</u>	<u>\$ 371,635</u>	<u>\$ 160,048</u>	<u>\$ 130,490</u>	<u>\$ 254,821</u>

Source: CAFR Schedule A-2

**Blirstown Township School District
Fund Balances, Governmental Funds,
Last Eight Fiscal Years**
(modified accrual basis of accounting)

Exhibit J-3

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund								
Reserved	\$ 27,448	\$ 71,729	\$ 10,779	\$ 245,952	\$ 426,066	\$ 665,958	\$ 434,835	\$ 739,850
Unreserved	416,738	361,830	304,306	194,664	190,577	99,637	64,057	133,515
Total general fund	<u>\$ 444,186</u>	<u>\$ 433,559</u>	<u>\$ 315,085</u>	<u>\$ 440,616</u>	<u>\$ 616,643</u>	<u>\$ 765,595</u>	<u>\$ 498,892</u>	<u>\$ 873,365</u>
All Other Governmental Funds								
Reserved								-
Unreserved, reported in:								
Special revenue fund								-
Capital projects fund			\$ 117,874				\$ 163,100	\$ 163,100
Debt service fund								
Trust and agency fund		-	-	-	-	-	-	
Total all other governmental funds	<u>\$ -</u>	<u>-</u>	<u>\$ 117,874</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 163,100</u>	<u>\$ 163,100</u>

Source: CAFR Schedule B-1

**Blairstown Township School District
Changes in Fund Balances, Governmental Funds,
Last Eight Fiscal Years**

Exhibit J-4

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues								
Tax levy	\$ 3,839,550	\$ 3,910,355	\$ 4,162,083	\$ 4,302,865	\$ 4,555,030	\$ 4,636,549	\$ 6,002,019	\$ 6,242,100
Tuition charges	1,388,828	1,403,660	1,386,431	1,569,633	1,671,311	1,601,125	3,808	14,155
Miscellaneous	13,559	8,652	148,472	95,770	93,114	135,181	153,328	163,433
State sources	1,733,422	1,805,372	2,003,445	2,182,636	2,333,352	2,125,925	2,635,155	2,383,967
Federal sources	<u>292,022</u>	<u>318,560</u>	<u>281,288</u>	<u>347,988</u>	<u>328,159</u>	<u>265,022</u>	<u>680,521</u>	<u>238,635</u>
Total revenue	<u>7,267,381</u>	<u>7,446,599</u>	<u>7,981,719</u>	<u>8,498,892</u>	<u>8,980,966</u>	<u>8,763,802</u>	<u>9,474,831</u>	<u>9,042,290</u>
Expenditures								
Instruction								
Regular Instruction	2,491,752	2,508,805	3,180,943	3,479,457	3,593,472	3,726,231	3,900,705	3,335,151
Special education instruction	735,271	902,399	1,096,145	944,321	977,759	1,102,134	1,099,253	1,120,847
Other special instruction	194,228	194,752	216,391	226,771	225,506	226,117	180,451	118,549
Other instruction								-
Support Services:								
Tuition	18,495	24,353	19,199	3,025	21,266	90,650	64,474	68,162
Student & instruction related services	970,142	815,213	1,072,347	1,131,070	1,171,887	1,078,562	1,223,463	1,140,163
General administrative services	148,149	147,567	173,092	369,366	392,637	464,671	438,874	470,131
School administrative services	228,951	240,754	358,965	183,545	186,397	185,329	184,834	201,583
Plant operations and maintenance	423,976	484,825	543,826	558,382	597,422	607,114	572,384	633,762
Pupil transportation	252,342	269,473	274,306	281,375	296,578	342,491	503,524	471,409
Other Support Services	75,469	81,380						
Unallocated employee benefits	1,475,215	1,602,543	798,260	1,123,606	1,145,215	862,205	875,013	847,938
Charter Schools	289,965	68,878	58,289	36,280	62,624	112,782	232,406	235,027
Capital Outlay		95,638	270,266	16,402	115,407	83,961	303,053	25,095
Debt service:								
Principal								-
Interest and other charges								-
Total expenditures	<u>7,303,955</u>	<u>7,436,580</u>	<u>8,062,029</u>	<u>8,353,600</u>	<u>8,786,170</u>	<u>8,882,247</u>	<u>9,578,434</u>	<u>8,667,817</u>
Excess (Deficiency) of revenues over (under) expenditures	(36,574)	10,019	(80,310)	145,292	194,796	(118,445)	(103,603)	374,473
Other Financing Sources (uses)								
Note Proceeds			117,874					
Other	(36)		(57)					
Transfers in			173,000			267,397	296,959	
Transfers out	(17,334)	(20,646)	(211,107)	(19,761)	(18,769)		(296,959)	
Total other financing sources (uses)	<u>(17,370)</u>	<u>(20,646)</u>	<u>79,710</u>	<u>(19,761)</u>	<u>(18,769)</u>	<u>267,397</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (53,944)</u>	<u>\$ (10,627)</u>	<u>\$ (600)</u>	<u>\$ 125,531</u>	<u>\$ 176,027</u>	<u>\$ 148,952</u>	<u>\$ (103,603)</u>	<u>\$ 374,473</u>
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: CAFR Schedule B-2

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST EIGHT FISCAL YEARS
UNAUDITED

Exhibit J-5

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Refund Prior Year Expenditures</u>	<u>Cost Share</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2004	\$ 3,305	\$ 230		\$ 1,388,828	\$ 5,874	\$ 1,398,237
2005	4,174			1,403,661	335	1,408,170
2006	8,454			1,386,431	118,895	1,513,780
2007	24,438	825	\$ 61,604	1,569,633	5,445	1,661,945
2008	21,517	222		1,671,311	66,826	1,759,876
2009	11,714	15,086	68,580	1,601,125	34,854	1,731,359
2010	3,584	45,236	72,058	3,808	28,392	153,078
2011	10,321	12,852	90,600	14,155	39,386	167,314

SOURCE: District Records

Blairstown Township School District
 Assessed Value and Actual Value of Taxable Property-**Blairstown Township**,
 Last Seven Fiscal Years

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2005	\$8,969,150	\$354,936,500	\$44,593,600	\$2,328,262	\$35,698,525	\$6,845,900	-	\$509,509,703	\$54,196,195	\$1,941,571	\$455,313,508	\$0.902	\$617,008,129
2006	8,851,850	357,848,500	45,794,100	2,214,789	38,780,125	6,845,900	-	519,626,461	57,571,820	1,719,377	462,054,641	\$0.920	700,816,547
2007	9,373,550	358,634,694	48,486,200	2,107,600	41,050,750	6,845,900	-	524,834,152	56,895,595	1,439,863	467,938,557	\$0.501	700,816,547
2008	26,456,500	687,372,600	94,238,400	2,120,200	80,708,800	16,024,600	-	1,025,509,073	116,145,542	2,442,431	909,363,531	\$0.507	893,383,234
2009	25,805,300	694,003,300	93,679,000	2,071,225	79,884,700	15,768,000	-	1,031,656,704	118,011,242	2,433,937	913,645,462	\$0.520	961,480,469
2010	31,650,900	695,382,800	95,476,000	2,055,325	74,764,000	8,300,300	-	1,030,112,649	120,340,142	2,143,182	909,772,507	\$0.520	944,965,252
2011	30,691,900	694,723,800	97,834,200	2,064,325	73,815,850	8,300,300	-	1,032,598,182	122,932,042	2,235,765	909,666,140	\$0.537	920,100,839

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

Blairstown Township School District
 Assessed Value and Actual Value of Taxable Property- **Hardwick Township**,
 Last Ten Fiscal Years

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2002	\$7,748,900	\$75,661,000	\$20,044,000	\$987,100	\$1,385,400	\$523,600	-	\$140,569,826	\$33,410,320	\$809,506	\$107,159,506	\$1.097	\$120,490,958
2003	9,105,800	100,503,500	26,612,800	1,096,900	1,506,200	627,000	-	185,398,061	45,051,100	894,761	140,346,961	0.856	129,765,116
2004	8,193,200	103,134,900	28,238,300	1,086,200	1,506,200	627,000	-	188,478,516	45,118,700	574,016	143,359,816	0.825	148,986,482
2005	8,228,700	104,392,100	29,720,800	1,148,600	1,506,200	627,000	-	191,268,067	45,118,700	525,967	146,149,367	0.809	169,301,396
2006	7,246,100	107,392,600	31,035,800	1,093,600	1,506,200	627,000	-	195,297,690	45,950,600	445,790	149,347,090	0.948	195,059,295
2007	7,008,700	108,637,000	32,495,200	1,074,150	1,506,200	627,000	-	197,703,048	45,976,800	377,998	151,726,248	0.958	214,452,259
2008	6,877,000	110,028,500	33,737,400	1,056,100	1,506,200	627,000	-	200,788,726	46,633,300	323,226	154,155,426	0.909	235,659,901
2009	6,259,400	110,940,300	35,353,200	1,055,300	1,506,200	627,000	-	203,139,974	47,093,500	305,074	156,046,474	0.849	254,599,556
2010	5,583,000	111,826,700	36,823,000	1,027,200	1,533,800	627,000	-	226,476,500	68,766,400	289,400	157,710,100	0.808	245,506,935
2011	5,468,400	110,708,700	37,826,500	1,232,300	839,400	627,000	-	225,348,587	68,282,700	363,587	157,065,887	0.862	232,447,723

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

Blairstown Township School District
 Direct and Overlapping Property Tax Rates - **Blairstown Township**
 Last Ten Fiscal Years

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Blairstown Township Board of Education						Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	North Warren Regional School District	Blairstown Township	Warren County	
2002	\$0.674	-0-	\$0.674	\$0.674	\$0.021	\$0.811	\$2.180
2003	\$0.735	-0-	\$0.735	\$0.733	\$0.021	\$0.811	\$2.300
2004	\$0.798	-0-	\$0.798	\$0.808	\$0.020	\$0.814	\$2.440
2005	\$0.833	-0-	\$0.833	\$0.882	\$0.040	\$0.905	\$2.660
2006	\$0.902	-0-	\$0.902	\$0.951	\$0.040	\$0.977	\$2.870
2007	\$0.920	-0-	\$0.920	\$0.968	\$0.040	\$1.062	\$2.990
2008	\$0.501	-0-	\$0.501	\$0.512	\$0.035	\$0.602	\$1.650
2009	\$0.507	-0-	\$0.507	\$0.507	\$0.035	\$0.639	\$1.688
2010	\$0.520	-0-	\$0.520	\$0.541	\$0.035	\$0.626	\$1.722
2011	\$0.537	-0-	\$0.537	\$0.576	\$0.035	\$0.619	\$1.767

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 prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

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.

Blairstown Township School District
 Direct and Overlapping Property Tax Rates - **Hardwick Township**
 Last Ten Fiscal Years
(rate per \$100 of assessed value)

Exhibit J-7

Fiscal Year Ended June 30,	Blairstown Township Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Hardwick Township	Regional School District	Warren County	
2002	\$1.097	-0-	\$1.097	\$0.165	\$0.682	\$0.866	\$2.810
2003	\$0.856	-0-	\$0.856	\$0.148	\$0.617	\$0.659	\$2.280
2004	\$0.825	-0-	\$0.825	\$0.166	\$0.658	\$0.701	\$2.350
2005	\$0.809	-0-	\$0.809	\$0.183	\$0.716	\$0.772	\$2.480
2006	\$0.948	-0-	\$0.948	\$0.182	\$0.840	\$0.840	\$2.810
2007	\$0.958	-0-	\$0.958	\$0.195	\$0.890	\$0.887	\$2.930
2008	\$0.909	-0-	\$0.909	\$0.184	\$0.902	\$0.935	\$2.930
2009	\$0.849	-0-	\$0.849	\$0.203	\$0.894	\$0.992	\$2.938
2010	\$0.808	*	\$0.808	\$0.209	\$0.805	\$0.946	\$2.768
2011	\$0.862	*	\$0.862	\$0.245	\$0.786	\$0.904	\$2.797

* - The Hardwick Township Board of Education (Non-operating district) Was merged with Blairstown School District effective June 30, 2009.

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

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

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

Blairstown Township School District
Principal Property Tax Payers-**Blairstown Township**,
Current Year and Nine Years Ago

Exhibit J-8

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Blairstown Realty Associates, LLC	\$10,910,000	1	1.20%			
PSEG	10,039,400	2	1.10%	\$ 2,078,500	2	0.50%
Blair Academy	3,668,700	3	0.40%	1,360,600	5	0.33%
I.C. Wash, Inc. (Rite Aid Corp)	3,013,100	4	0.33%			
First National Bank of Hope	2,895,200	5	0.32%			
United Telephone Co. (Embarq Corp)	2,234,559	6	0.25%			
Individual Taxpayer #1	2,128,000	7	0.23%			
JD Air, Inc.	2,084,000	8	0.23%			
Individual Taxpayer #2	1,900,000	9	0.21%			
Individual Taxpayer #3	1,827,000	10	0.20%			
Great A&P Tea Co.				6,738,000	1	1.64%
Jersey Central Power & Light				2,078,500	3	0.50%
Blair Air				1,613,000	4	0.39%
Blue Ridge Lumber				968,500	6	0.24%
Ludwig Kapp				789,900	7	0.19%
Kestrel Development				698,800	8	0.17%
Frank C. Wahlers				689,600	9	0.17%
Gralinski Inc.				646,200	10	0.16%
Total	<u>\$ 40,699,959</u>		<u>4.47%</u>	<u>\$ 17,661,600</u>		<u>4.29%</u>

Source: District CAFR & Municipal Tax Assessor

Blairstown Township School District
 Principal Property Tax Payers- **Hardwick Township**,
 Current Year and Nine Years Ago

Exhibit J-8

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Jersey Central Power and Light Co.	\$ 996,100	1	0.63%			
Public Service Gas and Electric	996,100	2	0.63%			
Individual Taxpayer #1	782,500	3	0.50%	834,000	2	0.86%
Individual Taxpayer #2	693,400	4	0.44%	740,300	3	0.77%
Individual Taxpayer #3	690,700	5	0.44%	643,900	4	0.67%
Individual Taxpayer #4	680,700	6	0.43%	604,400	6	0.63%
Individual Taxpayer #5	627,000	7	0.40%	585,900	7	0.61%
Individual Taxpayer #6	608,300	8	0.39%	536,500	8	0.56%
Individual Taxpayer #7	607,700	9	0.39%	524,800	9	0.54%
Individual Taxpayer #8	577,800	10	0.37%	523,600	10	0.54%
Little Hill Foundation				2,406,100	1	2.49%
United Telephone Co. of NJ, Inc.				608,310	5	0.63%
Total	<u>\$ 7,260,300</u>		<u>4.62%</u>	<u>\$ 8,007,810</u>		<u>8.30%</u>

Source: District CAFR & Municipal Tax Assessor

**Blairstown Township School District
Property Tax Levies and Collections,
Last Eight Fiscal Years**

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	\$3,839,550	\$3,839,550	100.00%	-
2005	\$3,910,355	\$3,910,355	100.00%	-
2006	\$4,162,083	\$4,162,083	100.00%	-
2007	\$4,302,865	\$4,302,865	100.00%	-
2008	\$4,555,030	\$4,555,030	100.00%	-
2009	\$4,636,549	\$4,636,549	100.00%	-
2010	\$6,002,019	\$6,002,019	100.00%	-
2011	\$6,242,100	\$6,242,100	100.00%	-

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

Note:

School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in is the amount voted upon or certified prior to the end of the school year.

**Blairstown Township School District
Ratios of Outstanding Debt by Type
Last Eight Fiscal Years**

Exhibit J-10

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			
2004	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2005	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2006	-0-	-0-	\$ 117,874	-0-	\$ 117,874	0.04%	\$15.70
2007	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2008	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2009	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2010	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2011	-0-	-0-	-0-	-0-	-0-	-0-	-0-

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

**Blairstown Township School District
Ratios of Net General Bonded Debt Outstanding
Last Eight Fiscal Years**

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	Bond Anticipation Notes (BANs)	Deductions	Net General Bonded Debt Outstanding		
2004	-0-	-0-	-0-	-0-	-0-
2005	-0-	-0-	-0-	-0-	-0-
2006	\$ 117,874	-0-	\$ 117,874	0.03%	\$ 15.70
2007	-0-	-0-	-0-	-0-	-0-
2008	-0-	-0-	-0-	-0-	-0-
2009	-0-	-0-	-0-	-0-	-0-
2010	-0-	-0-	-0-	-0-	-0-
2011	-0-	-0-	-0-	-0-	-0- *

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.

R Revised

* Current data unavailable

**Blairstown Township School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2011**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Blairstown Township	\$ 2,811,300	100.000%	\$ 2,811,300
Hardwick Township	644,466	100.000%	644,466
North Warren Regional School District	200,000	220.062%	440,125
Other debt			
Warren County (Includes apportionment for Blairstown and Hardwick Townships)	7,775,000	8.559%	<u>665,440</u>
Subtotal, overlapping debt			4,561,331
Blairstown School District Direct Debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ 4,561,331</u></u>

Sources: Township Finance Officer, Warren County Finance Office and Utility Authorities

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 the district. 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.

**Blairstown Township School District
Legal Debt Margin Information,
Last Eight Fiscal Years**

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized valuation basis

2008	1,186,651,913
2009	1,148,779,484
2010	1,088,739,273
[A]	\$ 3,424,170,670

Average equalized valuation of taxable property	[A/3]	\$ 1,141,390,223
Debt limit (2 1/2 % of average equalization value)	[B]	28,534,756
Net bonded school debt	[C]	-
Legal debt margin	[B-C]	\$ 28,534,756

Fiscal Year

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010 *</u>	<u>2011 *</u>
Debt limit	\$13,498,914	\$15,177,769	\$17,242,123	\$19,506,730	\$21,721,072	\$23,098,152	\$29,489,866	\$ 28,534,756
Total net debt applicable to limit	<hr/>							
Legal debt margin	<u>\$13,498,914</u>	<u>\$15,177,769</u>	<u>\$17,242,123</u>	<u>\$19,506,730</u>	<u>\$21,721,072</u>	<u>\$23,098,152</u>	<u>\$29,489,866</u>	<u>\$28,534,756</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

a Limit set by NJSA 18A:24-19 for a K through 6 district; other % limits would be applicable for other districts

* Effective for fiscal year 2010 and forward, the legal debt margin includes Hardwick Township to reflect the Non-operating Hardwick Township Board of Education merger into Blairstown Township School District.

**Blairstown Township School District
Demographic and Economic Statistics
Last Eight Fiscal Years**

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2004	7,518	\$ 267,475,404	\$35,578 R	2.7%
2005	7,527	\$ 277,610,814	\$36,882 R	4.3%
2006	7,510	\$ 296,254,480	\$39,448 R	4.6%
2007	7,515	\$ 315,088,920	\$41,928 R	4.2%
2008	7,546	\$ 324,281,804	\$42,974 R	5.6%
2009	7,560	\$ 322,290,360	\$42,631 P	9.3%
2010	7,545	\$ 321,650,895	\$42,631 *	9.5%
2011	7,545	* \$ 321,650,895	\$42,631 *	*

Source:

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

^b Personal income provided by US Dept Commerce

^c Per Capita provided by NJ Dept of Labor

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

R =Revised

* Current data unavailable

**Blairstown Township School District
Principal Employers,
Current Year and Nine Years Ago**

**Exhibit J-15
N/A**

<u>Employer</u>	<u>2011</u>			<u>2002</u>		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>
		1	0.00%	-		0.00%
		2	0.00%	-		0.00%
		3	0.00%	-		0.00%
		4	0.00%	-		0.00%
		5	0.00%	-		0.00%
		6	0.00%	-		0.00%
		7	0.00%	-		0.00%
		8	0.00%	-		0.00%
		9	0.00%	-		0.00%
		10	0.00%	-		0.00%
	-			-		0.00%
	-			-		0.00%
	-			-		0.00%
	-		0.00%	-		0.00%

Source:
No reliable information is available at the local or county level.

**Blairstown Township School District
Full-time Equivalent District Employees by Function/Program,
Last Eight Fiscal Years**

Exhibit J-16

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction								
Regular	41.5	41.0	40.5	40.5	38.0	42.0	36.2	36.0
Special education	10.5	9.0	9.0	9.6	12.0	11.0	10.5	10.5
Other instruction	7.5	9.5	8.5	8.5	8.0	6.5	3.8	5.0
Support Services:								
Tuition								
Student & instruction related services	27.0	26.0	24.0	30.0	37.6	28.0	37.0	28.7
General administrative services	5.5	6.5	6.0	6.0	2.0	2.0	2.0	2.0
School administrative services	1.0	1.0	1.0	1.0	3.0	3.0	3.0	2.5
Business administrative services	1.0	1.0	1.0	1.0	1.4	1.5	1.5	1.5
Plant operations and maintenance	5.0	5.5	5.5	5.5	5.5	5.2	5.2	4.4
Pupil transportation	1.0	1.0	2.0	2.0	1.0	1.2	1.2	1.5
Total	100.0	100.5	97.5	104.1	108.5	100.4	100.4	92.1

Source: District Personnel Records

**Blairstown Township School District
Operating Statistics
Last Eight Fiscal Years**

Exhibit J-17

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				
2004	771	\$ 6,715,778	\$ 8,710	0.01%	109	11.6:1	754.0	721.8	1.99%	95.7%
2005	746	\$ 7,016,681	\$ 9,406	7.98%	107	12.7:1	752.0	718.4	-0.27%	95.5%
2006	756	\$ 7,504,486	\$ 9,927	5.54%	99	12.6:1	741.5	708.6	-1.40%	95.6%
2007	744	\$ 8,300,918	\$ 11,157	12.40%	61	12.2:1	740.0	704.3	-0.20%	95.2%
2008	763	\$ 8,608,139	\$ 11,282	1.12%	61	12.5:1	755.7	718.3	2.12%	95.1%
2009	734	\$ 8,685,504	\$ 11,833	4.89%	61	12.0:1	701.7	673.7	-7.15%	96.0%
2010	632	\$ 9,042,975	\$ 14,309	20.92%	61	10.4:1	631.8	605.2	-9.96%	95.8%
2011	634	\$ 8,407,695	\$ 13,261	-7.32%	57	11.1:1	637.1	604.6	0.84%	94.9%

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 for 2011. Prior to 2011, amount include aides.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS)

**Blairstown Township School District
 School Building Information
 Last Eight Fiscal Years**

Exhibit J-18

<u>District Building</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Elementary</u>								
Blairstown Elementary (1929)								
Square Feet	78,762	78,762	78,762	78,762	78,762	78,762	78,762	78,762
Capacity (students)	510.0	510.0	510.0	510.0	510.0	510.0	510.0	510.0
Enrollment	760.0	764.0	756.0	744.0	763.0	734.0	632.0	634.0

Number of Schools at June 30, 2011

Source: District records, ASSA

Elementary = 1

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of renovations and/or additions. Enrollment is based on the annual October district count.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
Last Eight Fiscal Years Ending June 30, 2011

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Total</u>
Blairstown Elementary	040	\$70,480	\$97,611	\$52,718	\$96,108	\$63,005	\$92,066	\$130,221	\$186,450	\$788,659
Total School Facilities		70,480	97,611	52,718	96,108	63,005	92,066	130,221	186,450	220,809
Other Facilities										
Grand Total		\$70,480	\$97,611	\$52,718	\$96,108	\$63,005	\$92,066	\$130,221	\$186,450	\$788,659

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

INSURANCE SCHEDULE
JUNE 30, 2011
UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
SCHOOL PACKAGE POLICY - NJSBAIG		
*Property-Blanket Building and Contents	\$ 300,000,000	\$ 1,000
Comprehensive General Liability	11,000,000	
Comprehensive Automobile Liability	11,000,000	1,000
Comprehensive Crime Coverage	100,000	1,000
SCHOOL BOARD LEGAL LIABILITY - NJSBAIG		
Directors and Officers Policy	11,000,000	5,000
PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE		
BLANKET POSITION BOND - Selective Insurance		
Board Administrator	25,000	
Treasurer	200,000	

* New Jersey School Boards Association Insurance Group (NJSBAIG)

SOURCE: District Records

Single Audit Section



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 Anthony F. Ardito, PA, RMA, PSA

**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**

Honorable President and
 Members of the Board of Education
 Blairstown Township School District
 County of Warren
 Blairstown, New Jersey 07825

We have audited the financial statements of the Board of Education of the Blairstown Township School District in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated October 15, 2011. 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 Blairstown Township School District Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Blairstown Township School District Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Blairstown Township School District 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 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.

-Continued-

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 Blairstown Township School District 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.

This report is intended solely for the information and use of the audit committee, management, the Blairstown Township School District Board of Education, the New Jersey State Department of Education, and 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.



Licensed Public School Accountant No.2369
ARDITO & CO., LLP

Date: October 15, 2011



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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
 ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
 NEW JERSEY OMB CIRCULAR 04-04**

Honorable President and
 Members of the Board of Education
 Blairstown Township School District
 County of Warren
 Blairstown, New Jersey 07825

Compliance

We have audited the compliance of the Blairstown Township School District in the County of Warren, State of New Jersey, with the types of compliance requirements described in the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2011. The Blairstown Township School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Blairstown Township School District Board of Education's management. Our responsibility is to express an opinion on the Blairstown Township School District 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; and the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, and New Jersey OMB Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred.

An audit includes examining, on a test basis, evidence about the Blairstown Township School District 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 on the Blairstown Township School District Board of Education's compliance with those requirements.

-Continued-

In our opinion the Board of Education of the Blirstown Township School District, in the County of Warren, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2011.

Internal Control Over Financial Reporting

The management of the Board of Education of the Blirstown Township School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Blirstown Township School District of Education's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with New Jersey OMB 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 Blirstown 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of 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 Blirstown Township School District Board of Education, the New Jersey State Department of Education, and 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.



Licensed Public School Accountant No.2369
ARDITO & CO., LLP

Date: October 15, 2011

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2011

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2010	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2011			MEMO		
										(ACCTS. RECEIV.)	DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
State Department of Education															
General Fund															
Equalization Aid	11-495-034-5120-078	7/1/10-6/30/11	\$ 1,266,041			\$ 1,266,041	\$ (1,266,041)							\$ 136,529	\$ 1,266,041
Special Education Aid	11-495-034-5120-089	7/1/10-6/30/11	341,175			341,175	(341,175)							24,051	341,175
Security Aid	11-495-034-5120-084	7/1/10-6/30/11	10,940			10,940	(10,940)							1,093	10,940
Adjustment Aid	11-495-034-5120-085	7/1/10-6/30/11	49,191			49,191	(49,191)							4,915	49,191
Extraordinary Aid	11-495-034-5120-044	7/1/10-6/30/11	46,348				(46,348)			\$ (46,348)					46,348
Extraordinary Aid	10-495-034-5120-044	7/1/09-6/30/10		\$ (43,681)		43,681									-
Non-Public Transportation Aid	11-100-034-5120-068	7/1/10-6/30/11	3,755				(3,755)			(3,755)					3,755
Non-Public Transportation Aid	10-100-034-5120-068	7/1/09-6/30/10		(4,692)		4,692									-
On-behalf TPAF Pension Contrib.	11-495-034-5095-001	7/1/10-6/30/11	313,836			313,836	(313,836)								313,836
Reimb. TPAF Soc.Secur.Contrib.	11-495-034-5095-002	7/1/10-6/30/11	299,921	(16,739)		316,660	(299,921)			-					299,921
Total General Fund				(65,112)		2,346,216	(2,331,207)			(50,103)				166,588	2,331,207
Capital Projects Fund:															
SDA Grant - HVAC/Stair/ADA Door Lock	SP#0400-030-09-0ZJR	7/1/09-6/30/10	125,495				(125,495)			(125,495)					125,495
Total Capital Projects Fund				-	-	-	(125,495)	-	-	(125,495)	-	-	-	-	125,495
State Department of Agriculture															
Enterprise Fund:															
Nat.School Lunch Prog.(State Share)	11-100-034-5120-122	7/1/10-6/30/11		(157)		157									
Nat.School Lunch Prog.(State Share)	10-100-034-5120-122	7/1/09-6/30/10	1,569			1,422	(1,569)			(147)					1,569
Total Enterprise Fund				(157)		1,579	(1,569)			(147)					1,569
Total State Financial Assistance				\$ (65,269)		\$ 2,347,795	\$ (2,458,271)			\$ (175,745)				\$ 166,588	\$ 2,458,271

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

NOTES TO THE SCHEDULES OF FEDERAL AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2011

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying federal and state 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 1 to the Board's basic financial statements. 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 GENERAL PURPOSE 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 last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$52,760 for the general fund and \$-0- for the special revenue fund. See Exhibit C-3 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:

NOTES TO THE SCHEDULES OF FEDERAL AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2011

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,383,967	\$ 2,383,967
Special Revenue Fund	\$ 238,635	-	238,635
Food Service Fund	<u>38,480</u>	<u>1,569</u>	<u>40,049</u>
Total Financial Assistance	<u>\$ 277,115</u>	<u>\$ 2,385,536</u>	<u>\$ 2,662,651</u>

NOTE 4. 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 represents the amount paid by the state on behalf of the district for the year ended June 30, 2011. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2011.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Part I - Summary of Auditor's Results

Financial Statement Section

- A) Type of auditor's report issued: Unqualified

- B) Internal control over financial reporting:
 - 1) Material weakness(es) identified? ___ Yes x No
 - 2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes
x None
Reported

- C) Noncompliance material to financial statements noted? ___ Yes x No

Federal Awards Section

N/A

- D) Dollar threshold used to determine Type A programs: \$300,000

- E) Auditee qualified as low-risk auditee? ___ Yes ___ No

- F) Type of auditor's report on compliance for major programs: Unqualified

- G) Internal Control over compliance:
 - 1) Material weakness(es) identified? ___ Yes ___ No
 - 2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes ___ No

- H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133(Section .510(a))? ___ Yes ___ No

- I) Identification of major programs:

CFDA NUMBER(S)

NAME OF FEDERAL PROGRAM OR CLUSTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Part I - Summary of Auditor's Results

State Financial Assistance Section

- J) Dollar threshold used to determine Type A programs: \$300,000
- K) Auditee qualified as low-risk auditee? (1) x_yes__no
- L) Type of auditor's report on compliance for major programs: Unqualified
- M) Internal Control over compliance:
 1) Material weakness(es) identified? ___yes x no
 2) Were significant deficiencies identified that were not considered to be material weaknesses? ___yes x none reported
- N) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04? x_yes__no
- O) Identification of major programs:

GMIS Number(s)

Name of State Program

11-495-034-5120-089
11-495-034-5120-078
11-495-034-5095-002

Special Education Aid
Equalization Aid
Reimb. TPAF Soc. Sec.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Section II-Financial Statement Findings

There were no matters of noncompliance or reportable conditions noted, that are required to be reported in accordance with Government Auditing Standards.

Section III - State Financial Assistance Findings and Questioned Costs

STATE FINANCIAL ASSISTANCE-There were no state financial assistance findings or questioned costs that are required to be reported in accordance with NJOMB Circular 04-04.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. There were no prior year recommendations.