

**TOWNSHIP OF BEDMINSTER
SCHOOL DISTRICT**

**Township of Bedminster School District
Bedminster, New Jersey**

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

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SCHOOL DISTRICT**

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INTRODUCTORY SECTION

**BEDMINSTER TOWNSHIP
BOARD OF EDUCATION**

234 Somerville Road
Bedminster, New Jersey 07921

Telephone: 908 / 234-1487
Fax: 908 / 234-2359

Dr. Andrew Rinko
Superintendent

Philip J. Acosta
School Business Administrator/
Board Secretary

November 14, 2011

The Honorable President and Members of
the Board of Education
Township of Bedminster School District
County of Somerset
Bedminster, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Township of Bedminster School District (the "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 (the "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 basic financial statements and results of operations 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 statements, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. 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 Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Borough Township of Bedminster School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Township of Bedminster School District and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular as well as special education for handicapped students. The District completed the 2010-2011 fiscal year with an enrollment of 580 students, a decrease of 13 students from the previous year's enrollment.

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The following details the changes in the student enrollment of the District over the last ten (10) years:

Average Daily Enrollment and Attendance Rate

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>	<u>Attendance Rate</u>
2010-2011	580.0	-2.19%	96.0%
2009-2010	593.0	-2.15%	95.8%
2008-2009	606.0	2.19%	95.9%
2007-2008	593.0	4.40%	96.4%
2006-2007	568.0	-2.91%	95.7%
2005-2006	585.0	-5.34%	96.3%
2004-2005	618.0	4.57%	95.1%
2003-2004	591.0	4.18%	96.0%
2002-2003	567.3	0.10%	97.1%
2001-2002	594.1	-0.39%	93.4%

2) ECONOMIC CONDITION AND OUTLOOK: The Township of Bedminster, with approximately 8,388 residents and 26.7 square miles, is one of Somerset County's oldest municipalities, chartered in 1749. Bedminster is steeped in colonial and Revolutionary War history. The Township was founded as an agricultural center and during the 19th century, the beauty of the area attracted many wealthy families who built expensive estates. It remained a quiet rural area until the 1970's when I-78 was opened along its southern edge, and I-287 crossed at the eastern border. The Township is comprised of several villages: Bedminster Village, Burnt Mills, Lamington, Portersville, Pluckemin and Union Grove.

Beginning in the mid 80's, the Hills, with its town homes, condos, and single family houses, was developed on Schley Mountain, east of I-287, tripling the population. Today, approximately sixty-five percent (65%) of Township residents live in the Hills.

Somerset County, located in the heart of the nation's largest metropolitan area, is comprised of twenty-one (21) municipalities, encompasses 305 square miles, offering a diversity of landscape and a balance between urban, suburban and rural neighborhoods. Major goals of the County government include environmental protection, conservation of resources, proper planning for future growth and development of shared services.

During the 2003-2004 school year, the Somerset Hills School District passed a referendum to expand and improve the Somerset Hills Regional School District's facilities. A substantial portion of those funds was used to renovate and expand Bernards High School. As a result, beginning with the 2004-2005 school year, a portion of the interest expenses associated with those funds were borne by the Bedminster Township School District and will continue over the next twenty-five (25) years.

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3) MAJOR INITIATIVES:

Monitoring

The School District was monitored by the State Department of Education, using the New Jersey Quality Single Accountability Continuum, in December 2009 and received a three (3) year certification and a rating of "High Performing District."

Building

The Bedminster Township Public School District is dedicated to the education of students by instilling a passion for learning and exploration in a creative, nurturing environment. In September 1993, the community celebrated the opening of a state of the art facility to accommodate rapid growth and increased enrollment. By 1998-99, the district completed the second phase of its building program, with a \$5.2 million dollar project, providing the additional second phase of its building program, providing additional space for approximately 220-240 students with the expansion of the core facilities to provide a new multi-purpose room, a new science lab and a new media technology suite.

The Media/Technology Suite has provided an opportunity to add grade levels served and program strands in the areas of Visual Arts and Technology. The science lab has provided the opportunity to offer lab experiences to students in grades 5 and 6 and to offer lab experiences coupled with computer simulation and modeling for students in grades 7 and 8.

During the fiscal year 2010-2011, all major systems and equipment were inspected and serviced. Comprehensive Maintenance Plan (CMP) activities were completed in accordance with and as scheduled in the CMP. Beginning in the 1999-2000 school year, and every five (5) years thereafter, each district shall prepare and submit to the Commissioner of Education a long-range facilities plan that details the district's school facilities needs and the district's plan to address those needs for the ensuing five (5) years. This plan includes an educational adequacy inventory of the existing school facility, the identification of all deficiencies in the facility and the district's proposed plan for future construction and renovations. During the first cycle, the district's long-range facilities plan was approved by the State Department of Education on July 5, 2001. The district submitted its second plan during the 2005-2006 school year. The Plan was approved by the Department of Education on June 13, 2008. As the building is beginning to age, the Board is proactively addressing capital projects identified in the district's Long Range Facility Plan (LRFP) and CMP.

Student Achievement

Our community holds extremely high expectations for active learning and achievement. The Bedminster student body reflects the aspiration level of our parents, most of whom hold high-level management positions. To this end, the Board supports a curriculum that is comprehensive and challenging. Students enjoy opportunities in all "traditional" offerings such as language arts and literature, mathematics, algebra, geometry, inquiry based science, and social studies. Our curricula are aligned with the NJ Core Curriculum Content Standards.

The school also offers an Honors Humanities course and Honors Science course for eligible students. Pupils with unique needs and abilities have access to a host of services including basic skills improvement, English as a Second Language, special education programming, child study team services, occupational therapy, physical therapy and adaptive physical education. To round out their preparation, students are exposed to the visual and performing arts, technology, world languages, family and consumer sciences, health and physical education and school wide enrichment.

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Moreover, our eighth grade students avail themselves to forty (40) hours as volunteers to satisfy a community service requirement. Others, so inclined, may participate in extra and co-curricular activities or a full range of competitive athletics.

As the School District continues to move forward we have identified a number of important priorities to bring us to the leading edge of contemporary pedagogy. There has been a major movement to improve the primary reading and writing program, using a Balanced Approach to Literacy in grades K, 1 and 2, as well as the Sitton Spelling Program and implementation of the Foundations Program.

The District has made major strides in our special education program by extending our inclusive education model across the span of grades. In addition, we have implemented an ABA autistic program, as well as an extended day Pre-K program to meet students' needs in-district and minimize out-of-district placements. Beginning in the 2009-2010 school year, the District implemented a Multiply Disabled class for students in grades 2 through 4 with a self-contained class, providing a comprehensive education maximizing their learning potential and socially emotional development while simultaneously allowing our students to be integrated into their community.

In 2006, the District applied for and was awarded the *Governor's Initiative on Autism Discretionary Grant* in the amount of \$300,000. The new model program has provided services for students on the autism spectrum disorder, as well as students with severe language, fine motor, and gross motor, pre-academic, cognitive, behavioral and social delays. This grant has enabled the District to expand the program to be fully integrated within our school community and to take part in an enriched curriculum such as special area classes.

The District has continued its integration of school-wide technology with full implementation of a wireless system for all staff, participation in a number of high quality video services, the installation of Active Boards in grades 1-4, and has an ongoing emphasis on professional development related to instructional infusion, effective communications, and web based applications intended to improve effectiveness and efficiency. In addition, we are constantly seeking recognition and support for innovative programs.

These priorities have been embraced in our annual school improvement goals and are reflected in ongoing professional staff development. We are extremely proud of our web-site, www.bedminsterschool.org, which was developed with Schoolwires to provide flexibility in use and opportunities to interact with the community.

The School District has met and surpassed all State requirements for student achievement of state proficiency levels. In fact, the district was one of only four (4) school districts in Somerset County to achieve 100% AYP on both the math and LAL for elementary and middle school students. The district's before and after school Academic Support Initiative and the Tutor Mentor Program for at-risk students were continued with combined support from our Board of Education, the Municipal Alliance and No Child Left Behind (NCLB) funding.

The District has revised all its curricula in the past five (5) years, and continues to update curricula in accordance with the latest New Jersey Core Curriculum Content Standards (NJCCCS). The District recently revised its World Language, Visual and Performing Arts Curriculum and Language Arts Curriculum. During 2009-2010, the District will be revising the following curricula: Honors Language Arts, ESL, ASI, Guided Reading, Library, Technology and Math, as well as Science and Social Studies modifications.

After graduation from the Bedminster Township School, the majority of our students attend Bernards High School, part of the Somerset Hills School District in Bernardsville. We work closely with their teaching staff and administration to insure that our curriculum is fully articulated and that our students receive the highest level of preparation for their secondary school experience.

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Staff Development

Our faculty members are committed to the constant improvement of their instructional skills and the acquisition of new strategies that are supported by an intensive plan of professional development. Teachers benefit from opportunities for graduate study at colleges and universities, professional development seminars, and in-district workshops to support their needs and desire to grow professionally. The administration fosters an environment of self-reflection and collaboration by scheduling common planning time for teachers.

Throughout the 2010-2011 school year, every one of our teachers participated in at least twenty (20) hours of professional development via in-district workshops, out of district workshops, academic coursework, staff meetings that incorporated professional development and workshop facilitation by turn-key trainers. We are also extremely proud of the fact that our goal planning by the Board, administration, and Local Professional Development Committee served as the guide for critical areas of staff training.

District Focus Areas

- Grades K-2 teachers continued their work during the year to gain a better understanding of the balanced literacy approach to reading and language arts, including meetings and workshops with topics that included 6-trait writing, balance literacy, writing and phonics.
- All staff participated in the annual Affirmative Action and Bullying and Harassment Workshop.
- In spite of budget constraints, Bedminster partnered with the Rutgers Center for Science, Math and Technology to advance a 1:1 laptop initiative. During that first year, eight (8) teachers piloted the implementation of laptops in the classroom to enhance instruction. Other teachers participated in TECHSPO, and three (3) staff member attended the ISTE Conference all of which were funded by NCLB, Title II Part A.
- Several faculty attended workshops sponsored by the NJ Association for Supervision and Curriculum Development, with Bedminster serving as host site, the NJ Foreign Language Teachers Association, NJ Science Teachers Association, NJ Math Teachers Association, the Art Educators of NJ, NJ Association of Physical Education Health and Recreation, NJ G&T and the Rutgers Literacy Program.
- Our teachers planned and coordinated the two (2) annual in-service days; teachers served as facilitators and provided workshops on technology, early literacy mathematics, and virtual learning.

Technology

The District continued to implement the strategies for meeting the goals set forth in the three (3) year technology plan. Guided by a technology education curriculum for Kindergarten through grade eight that emphasizes the infusion of technology into all areas of the school curricula, the teaching staff was involved in specific professional development to meet that end. All staff members have made attempts to improve their ability to utilize technology in their teaching. Staff members engaged in self-paced professional learning and the district provided professional development training.

We continued to enhance our technology infrastructure and the entire building has wireless network capability. Each elementary teacher has access to a laptop computer for instructional use and two (2) sets of wireless-ready laptops are available for classroom use on rolling carts. The District's network switches were upgraded in order to maintain state-of-the art network performance; the first phase occurred in late 2006 and the second phase was completed in 2007. In accordance with the objectives and implementation strategies of the district's Three-Year Technology Plan, equipment, services and software were added to enhance curriculum and instruction. The District's Internet access was updated to 3 Mbps 2xT1 service to accommodate increasing throughput demand. Google Apps services are being utilized by students and teachers to improve collaborative learning.

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Interactive white boards have been installed in grades 1 through 4, with plans to continue adding interactive boards to classrooms over the next two (2) years. During the 2008-2009 school year, several classrooms were equipped with multimedia projection and sound systems, some of which included the interactive boards. A new student information system was installed and activated during the 2008-2009 school year. The district has embarked on a blended 1:1 laptop initiative which will follow a 3-year plan detailed in the 2010-2013 Technology Plan.

To improve communications with students and parents, the new system has a web-based portal that enables parents and students to log on and view up-to-date attendance, grading and assignment information for each of their children. The system also has a web-based teacher grade book, which allows teachers to maintain grades and assignments electronically. The information is then automatically posted to the parent portal.

Pertinent professional development training was conducted throughout the year, which was associated with the use of the new equipment and services, as well as the new curriculum materials. Teachers conducted peer-led in-service sessions, covering such topics as 'Effective Use of Interactive Boards', 'Google Apps in the Curriculum', 'Digital Storytelling', and 'Technology Use in the Inclusion Classroom'.

Our school goals are linked to professional development and are an integral element in every teacher's professional improvement plan. It is our belief that systemic change, and the corresponding improvement in student achievement, cannot be realized unless goals, pedagogy, and the professional development of staff, both formally through professional improvement plans, and informally through self-reflection, are institutionalized and supported by resources. During this past year, the professional improvement was guided by a need to improve student writing and the infusion of technology. This goal is manifested in PIPs for all teachers and is identified in formal and informal classroom observations.

The District professional development plan was submitted to the Bedminster Township Board of Education for approval, and was approved by the County Professional Development Board on April 26, 2010.

Community Outreach

As part of the 2008-2009 Bedminster Township Board of Education Goals, a comprehensive community survey was completed. Prior surveys were conducted in April of 1995, with a general community survey conducted in April of 1998 and updated in the spring of 2003. The results of the survey were extremely positive and the general perception of the sample community members was that our school system is of high quality and well-managed, structured, safe and well regarded, with a positive impact on property values. The area of lowest score was the question regarding how well citizens know what the school curriculum covers. Using this information, the Board developed annual Board goals for curriculum, community relations, professional development, and personnel. The Board continues to work on positive community relations with shared service projects, combined Township-BOE meetings, and ample opportunities for public input on a variety of topics and issues.

The Board of Education has invited and will continue to invite broad representation on critical issues and initiatives.

The Board encourages community input to assist with the strategic planning and decisions about the educational program. In fact, stakeholders are well represented on the Bedminster Technology Steering Committee, Food Advisory Committee, the Somerset Hills Municipal Alliance Meetings, the Graduation Committee, the Governor's Teacher Recognition Committee, Read-Across-America, Somerset Hills Educational Foundation, 8th Grade Fundraising and the Parent Teacher Organization.

In addition to participation on ad-hoc committees, our parents do an extraordinary job as volunteers in our library, computer lab, classrooms and cafeteria.

The Honorable President and Members of
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Community programs and meetings held at the school during the year included the DARE program conducted by the Police Department, Somerset Municipal Alliance, the Annual Lions Club and PTO co-sponsored Halloween Activities and an extensive Township Recreation Program for both children and adults is held year-round.

The District's commitment and emphasis on the importance of community volunteerism is demonstrated by the forty (40) hours of community service required for all eighth grade students.

Service Agreements

The Bedminster Township School District is proud of its efforts to develop shared service agreements to generate revenues and lower the burden of school taxes on property owners. During the past year we implemented three very successful partnerships-one with Bedminster Township to provide custodial services for the municipality; one with the Clarence Dillon Library to provide custodial services; and one with the Clarence Dillon Public Library to provide library tech services. These three initiatives yield annual revenues of approximately \$56,000.

Tuition Revenues

The Bedminster Township School District provides an outstanding program of special education and as a result of the outstanding program we have been able to extend programming to out of district-students on a tuition basis. During the past year we generated \$7,250 from a student attending Bedminster Schools from Manville.

During the summer of 2011 the school district offered extended summer programming to children attending the Somerset Hills School District. By combining extended summer programs and staff, we are anticipating substantial savings to our normal summer programming costs.

Administrative Savings

Last spring we negotiated an agreement with the Somerset Hills School District to provide administrative services to manage their department of student services. That agreement will yield the Bedminster Township Public School District a service fee of almost \$97,000 during the 2011-2012 school year.

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

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

The Honorable President and Members of
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5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. 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 restrictions, commitments and assignments 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 GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

7) DEBT ADMINISTRATION: On October 14, 1997, the Bedminster Township Board of Education held a special school district election to refinance and cancel its outstanding lease purchase agreement dated March 28, 1991, as well as issue general obligation bonds in the amount of \$5,285,000 to construct a third story to its existing building. The total of these two (2) issues was \$15,605,000. Principal payments on the bonds for 2010-2011 totaled \$680,000.

The Board again was able to take advantage of market conditions and refinanced its 1997 general obligation bonds in October 2005, realizing a direct savings to taxpayers of approximately \$29,000 per year for thirteen (13) consecutive years. The District's total outstanding bonded debt is \$5,400,000 as of June 30, 2011.

8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

10) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, 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 Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

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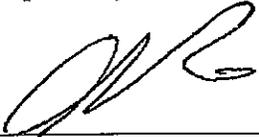
Awards

The district is very proud of several awards achieved by students, staff, as well as on a district-wide level, which include:

- o Bedminster RANKED #1 by the Star Ledger for lowest tax rate and highest SAT scores
- o Regional HS Valedictorians -BEDMINSTER STUDENTS: 2010, 2008, 2006, 2005, and 2004
- o #1 Middle School Jazz Band, Music in the Parks Competition, 2008, 2009, 2010
- o Somerset County "Teacher Who Makes Magic" 2008 and 2009
- o Kids Tech Grant-NJ Department of Education
- o National Board Certification Granted
- o Rutgers Sigma Chi "Science Teacher of the Year"
- o James Madison Constitutional Scholar
- o Governor's Autism Award (\$300,000)
- o Somerset County Character Education Grant (\$5,000)
- o NJ Chamber of Commerce Benchmark School, 2004 and 2005
- o NJSBAIG *Safety Award*, 2010, 2009, 2008, 2007, 2006, 2005, 2004
- o NJASBO 2009 Meritorious Award

11) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Township of Bedminster School District 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. The preparation of this report was accomplished with the efficient and dedicated services of our Board Office staff.

Respectfully submitted,

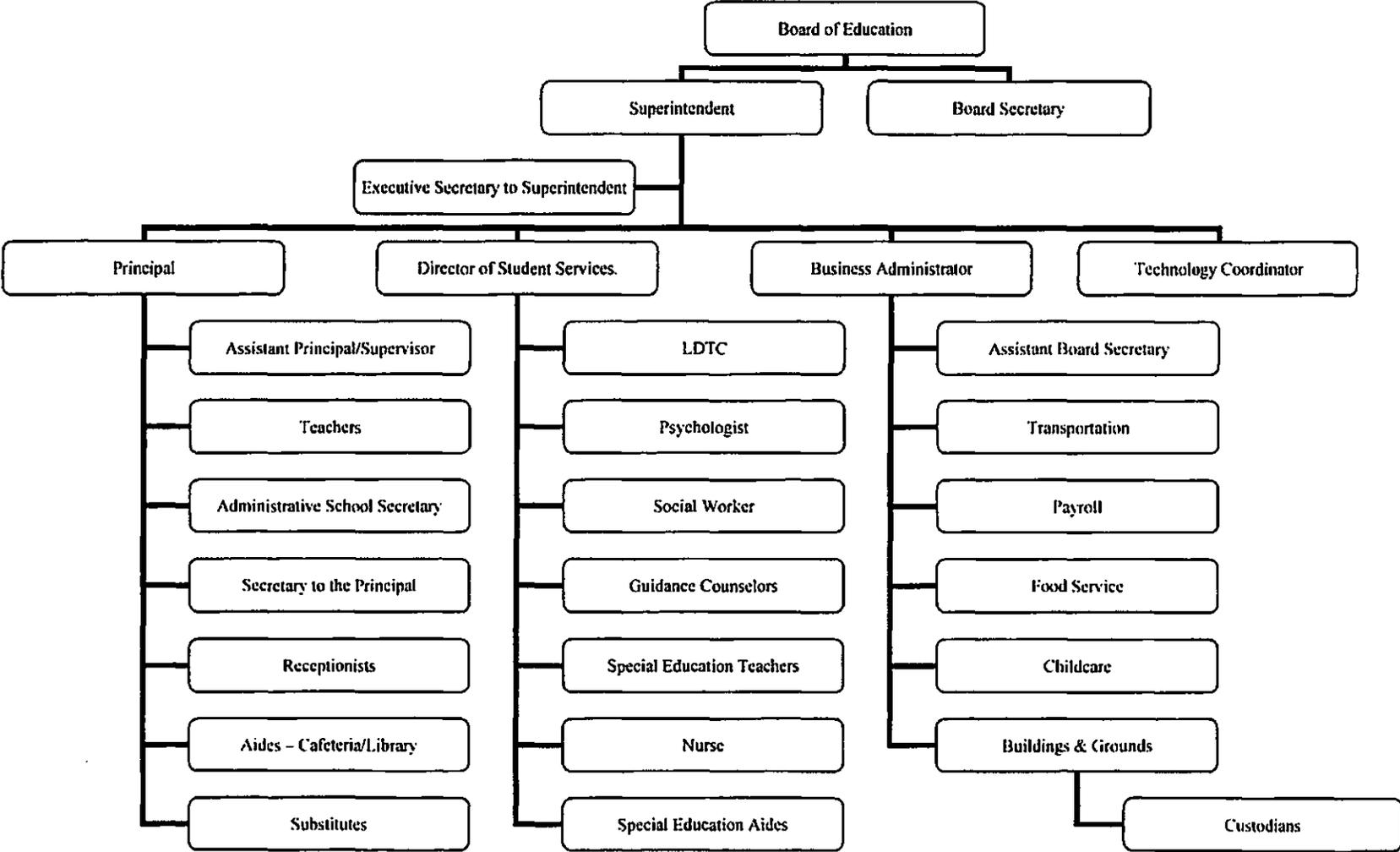


Dr. Andrew Rinko
Superintendent of Schools



Philip J. Acosta
Business Administrator/Board Secretary

Bedminster Township School District



**TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2011**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Louis Casella, President	2014
Emily Caspersen, Vice-President	2012
Michael Allegra	2014
Jason Anagnostis	2013
Judy Creelman	2013
Lisa Cunningham	2014
Julie Goetz	2013
Brian Haggerty	2012
Caitlyn Parker	2012

<u>Other Officers</u>	<u>Title</u>
Andrew Rinko	Superintendent of Schools
Philip J. Acosta	Business Administrator/Board Secretary
Marilyn McClintick	Treasurer of School Monies

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT

Consultants and Advisors

Audit Firm

Nisivoccia LLP
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856-1320

Attorney

Schwartz, Simon, Edelstein, Celso & Kessler LLP
10 James Street
Florham Park, NJ 07932

Architect of Record

SSP Architectural Group, Inc.
148 West End Avenue
P.O. Box 758
Somerville, NJ 08876-0758

Official Depository

Peapack-Gladstone Bank
Far Hills Branch
Dumont Road
Far Hills, NJ 07931

FINANCIAL SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Township of Bedminster School District
 County of Somerset, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Township of Bedminster School District (the "District") in the County of Somerset as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Township of Bedminster School District in the County of Somerset as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2011 on our consideration of the Board of Education of the Township of Bedminster School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

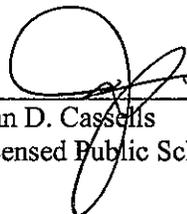
The Management's Discussion and Analysis section and Budgetary Comparison Information listed on Exhibits C-1 to C-3 and I-2 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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.

The Honorable President and Members
of the Board of Education
Township of Bedminster School District
Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Township of Bedminster School District's basic financial statements. The accompanying introductory section, supplementary schedules such as the combining and individual fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*; and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the financial statements. The supplementary schedules and schedules of expenditures of federal and state awards 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 section 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.

November 14, 2011
Mount Arlington, New Jersey

NISIVOCCIA LLP



John D. Cassells
Licensed Public School Accountant #105



William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)**

This section of Township of Bedminster School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial status is stable, in spite of relatively level state aid for several years.
- Overall revenue was \$16.53 million.
- Overall expenses were \$16.22 million.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

Organization of the School District's Financial Report

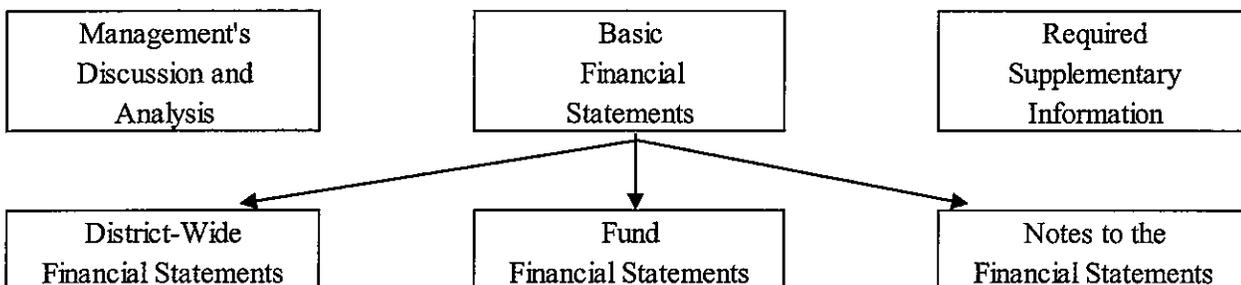


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> Statement of net assets Statement of activities 	<ul style="list-style-type: none"> Balance sheet Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> Statement of net assets Statement of revenue, expenses, and changes in net assets Statement of cash flows 	<ul style="list-style-type: none"> Statement of fiduciary net assets Statement of changes in fiduciary net assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

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

The two District-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for other programs and activities. The District currently does not maintain any internal service funds.

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Notes to Financial Statements: Provide additional information essential to a full understanding of the District-wide and fund financial statements.

Financial Analysis of the District as a Whole

Net Assets. The District's combined net assets increased by \$315,900. Net assets from governmental activities increased by \$290,810 and net assets from business-type activities increased by \$25,090. Net assets invested in capital assets increased by \$156,857, restricted net assets increased by \$68,738, and unrestricted net assets increased by \$90,305.

Figure A-3

Condensed Statement of Net Assets

	Government Activities		Business-Type Activities		Total School District		Percentage
	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	Change 2010/11
Current and							
Other Assets	\$ 897,971	\$ 753,420	\$ 41,293	\$ 11,634	\$ 939,264	\$ 765,054	22.77%
Capital Assets	11,860,418	12,347,694	37,146	43,013	11,897,564	12,390,707	-3.98%
Total Assets	12,758,389	13,101,114	78,439	54,647	12,836,828	13,155,761	-2.42%
Long-Term Debt							
Outstanding	5,445,940	6,132,318			5,445,940	6,132,318	-11.19%
Other Liabilities	212,779	159,936	1,452	2,750	214,231	162,686	31.68%
Total Liabilities	5,658,719	6,292,254	1,452	2,750	5,660,171	6,295,004	-11.22%
Net Assets:							
Invested in Capital							
Assets, Net of							
Related Debt	6,460,418	6,297,694	37,146	43,013	6,497,564	6,340,707	2.47%
Restricted	461,183	416,445			461,183	416,445	10.74%
Unrestricted	178,069	94,721	39,841	8,884	217,910	103,605	110.33%
Total Net Assets	\$ 7,099,670	\$ 6,808,860	\$ 76,987	\$ 51,897	\$ 7,176,657	\$ 6,860,757	4.60%

Changes in Net Assets. The District's combined net assets were \$7,176,657 on June 30, 2011, an increase of \$315,900 or 4.60% more than they were the year before (See Figure A-3). Net Assets Invested in Capital Assets increased by \$156,857 due to the payment of \$650,000 in bond principal, offset by \$485,408 in depreciation and a disposal of \$7,735 of fixed assets. Restricted net assets increased by \$44,738 due to a \$24,680 increase in the Capital Reserve; a \$250,000 increase in the Maintenance Reserve; and a \$29,748 increase in Excess Surplus designated for subsequent year's expenditures offset by a decrease of \$259,690 in Tuition Reserves. Unrestricted net assets increased by \$114,305 (See Figure A-3).

Figure A-4

Changes in Net Assets from Operating Results

	Governmental Activities 2010/11	Business- Type Activities 2010/11	Governmental Activities 2009/10	Business- Type Activities 2009/10	Total School District 2010/11	Total School District 2009/10	Percentage Change 2010/11
Revenue:							
Program Revenue:							
Charges for Services		\$ 182,651		\$ 177,448	\$ 182,651	\$ 177,448	2.93%
Operating Grants and Contributions	\$ 1,349,232	43,860	\$ 2,082,668	42,811	1,393,092	2,125,479	-34.46%
Capital Grants and Contributions			65,300			65,300	-100.00%
General Revenue:							
Property Taxes	14,839,369		15,057,395		14,839,369	15,057,395	-1.45%
Unrestricted State and Federal Aid	6,347		71,993		6,347	71,993	-91.18%
Tuition Charges	7,250		43,669		7,250	43,669	-83.40%
Other	103,326	10	83,465	47,123	103,336	130,588	-20.87%
Total Revenue	16,305,524	226,521	17,404,490	267,382	16,532,045	17,671,872	-6.45%
Expenses:							
Instruction	6,611,018		6,588,227		6,611,018	6,588,227	0.35%
Pupil and Instruction Services	5,858,442		6,466,382		5,858,442	6,466,382	-9.40%
Administrative and Business	965,741		1,009,517		965,741	1,009,517	-4.34%
Maintenance and Operations	984,044		1,128,254		984,044	1,128,254	-12.78%
Transportation	875,911		934,454		875,911	934,454	-6.26%
Capital Outlay	34,700				34,700		100.00%
Other	684,858	201,431	721,296	216,413	886,289	937,709	-5.48%
Total Expenses	16,014,714	201,431	16,848,130	216,413	16,216,145	17,064,543	-4.97%
Increase/(Decrease) in Net Assets	\$ 290,810	\$ 25,090	\$ 556,360	\$ 50,969	\$ 315,900	\$ 607,329	-47.99%

Revenue Sources. The District's total revenue for the 2010/11 school year was \$16,532,045. (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$14,839,369 of the total, or 89.76 percent. (See Figure A-5). Another 8.47 percent came from state and federal aid and the remainder from miscellaneous sources and charges for services.

Figure A-5

Sources of Revenue for Fiscal Year 2011

	Amount	Percentage
Sources of Income:		
State Formula Aid	\$ 6,347	0.04%
Property Taxes	14,839,369	89.76%
Federal and State Categorical Grants	1,393,092	8.43%
Charges for Services	182,651	1.10%
Tuition	7,250	0.04%
Other	103,336	0.63%
	\$ 16,532,045	100.00%

The total cost of all programs and services was \$16,216,145. The District's expenses are predominantly related to instructing and providing pupil services (76.90 percent). (See Figure A-6). The District's administrative and business activities accounted for 5.96 percent of total costs. It is important to note that \$485,408 of depreciation is included in expenses for the year.

Figure A-6**Expenses for Fiscal Year 2010**

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 6,611,018	40.77%
Pupil and Instruction Services	5,858,442	36.13%
Administrative and Business	965,741	5.96%
Maintenance and Operations	984,044	6.06%
Transportation	875,911	5.40%
Capital Outlay	34,700	0.21%
Other	886,289	5.47%
	<u>\$ 16,216,145</u>	<u>100.00%</u>

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District remains stable. Maintaining existing programs with a slight decrease in enrollment and the provision of special programs and services for disabled pupils, combined with rising salary, benefits and energy costs, place great demands on the District's resources.

Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions implemented during the year were:

- Participation in an insurance pool operated by New Jersey School Boards Association Insurance Group resulting in low cost property, liability and workers compensation insurance.
- Shared services agreement with the Clarence Dillon Library which provides technology services.
- Participation in Joint Transportation Agreements.
- Participation in Joint Purchasing Agreements.
- Participation in the ACT Program for electricity and telecommunications.
- Participation in the natural gas consortium with Middlesex Regional Educational Services Commission.
- Shared services with the Township which provides snowplowing, mowing, painting and minor paving services.

It is crucial that the District examine its expenditures carefully. Increasing staff, parental and student demands for activities, small class sizes and programs must be evaluated thoroughly. District resources are at their tightest level in a decade. Figure A-7 presents the cost of seven major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, capital outlay and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

Figure A-7

	Net Cost of Governmental Activities			
	Total Cost of Services		Net Cost of Services	
	2010/11	2010/11	2009/10	2009/10
Instruction	\$ 6,611,018	\$ 5,457,011	\$ 6,588,227	\$ 5,024,448
Pupil and Instruction Services	5,858,442	5,785,960	6,466,382	6,391,868
Administrative and Business	965,741	897,801	1,009,517	942,481
Maintenance and Operations	984,044	984,044	1,128,254	1,128,254
Transportation	875,911	821,108	934,454	491,815
Capital Outlay	34,700	34,700		
Other	684,858	684,858	721,296	721,296
	<u>\$ 16,014,714</u>	<u>\$ 14,665,482</u>	<u>\$ 16,848,130</u>	<u>\$ 14,700,162</u>

Business-Type Activities

Net assets from the District's business-type activity increased by \$25,090. (Refer to Figure A-4).

- Food services revenue exceeded expenses by \$25,090, which accounted for all of the increase in the net assets of the business-type activities.

Financial Analysis of the District's Funds

The District's financial position remains stable despite significant changes in the student clientele and difficult economic times. As the demographics of our geographic area change, additional student needs and expenses arise. Difficult economic times have had a direct impact upon the District's revenue sources.

All of these factors are likely to continue for the next several years. To maintain a stable financial position, the District must continue to practice sound fiscal management, including efficiency/cost containment practices, evaluation of services and programs, energy conservation, and seeking additional sources of revenues.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments are due to changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

Capital Asset and Debt Administration

Figure A-8

Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Percentage
	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	Change 2010/11
Sites and Site							
Improvements	\$ 131,624	\$ 145,439			\$ 131,624	\$ 145,439	-9.50%
Buildings and Building							
Improvements	11,481,007	11,887,532			11,481,007	11,887,532	-3.42%
Machinery and							
Equipment	247,787	314,723	\$ 37,146	\$ 43,013	284,933	357,736	-20.35%
Total Capital Assets (Net of Depreciation)	<u>\$ 11,860,418</u>	<u>\$ 12,347,694</u>	<u>\$ 37,146</u>	<u>\$ 43,013</u>	<u>\$ 11,897,564</u>	<u>\$ 12,390,707</u>	<u>-3.98%</u>

Long-term Debt

At year-end, the District had \$5,400,000 in general obligation bonds outstanding – a decrease of \$650,000 from last year – as shown in Figure A-9. (More detailed information about the District’s long-term liabilities is presented in Note 7 to the financial statements.)

Figure A-9**Outstanding Long-Term Debt**

	Total School District		Percentage
	2010/11	2009/10	Change 2010/11
General Obligation Bonds (Financed with Property Taxes)	\$ 5,400,000	\$ 6,050,000	-10.74%
Other Long-Term Debt	45,940	82,318	-44.19%
	<u>\$ 5,445,940</u>	<u>\$ 6,132,318</u>	<u>-11.19%</u>

The District continued to pay down its bonded debt, retiring \$650,000 of outstanding bonds. In fiscal year 2010/11 compensated absences decreased by \$36,378.

Factors Bearing on the District’s Future Revenue/Expense Changes

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

- Budget development will continue to be challenging to maintain existing programs given the economic climate, an aging building, rising employee benefits and utility costs, and the State mandated restriction on General Fund fund balance of no more than two percent (2%), which has had a substantial impact on the district when unanticipated expenditures occur.

Contacting the District’s Financial Management

This financial report is designed to provide the District’s citizens, taxpayers and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office at 234 Somerville Road, Bedminster, NJ 07921.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 276,791	\$ 35,295	\$ 312,086
Interfund Receivables	150		150
Receivables from State Government	123,530	187	123,717
Receivables from Federal Government	49,678	2,159	51,837
Receivables from Other Governments	14,637		14,637
Other Receivables	1,750		1,750
Inventories		3,652	3,652
Restricted Cash and Cash Equivalents	431,435		431,435
Capital Assets, Net			
Sites (Land)	7,444		7,444
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	11,852,974	37,146	11,890,120
Total Assets	<u>12,758,389</u>	<u>78,439</u>	<u>12,836,828</u>
LIABILITIES			
Accrued Interest Payable	74,750		74,750
Accounts Payable	54,189		54,189
Payable to Federal Government	10,933		10,933
Payable to State Government	12,784		12,784
Deferred Revenue	60,123	1,452	61,575
Noncurrent Liabilities:			
Due Within One Year	680,000		680,000
Due Beyond One Year	4,765,940		4,765,940
Total Liabilities	<u>5,658,719</u>	<u>1,452</u>	<u>5,660,171</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	6,460,418	37,146	6,497,564
Restricted for:			
Capital Projects	131,435		131,435
Other Purposes	329,748		329,748
Unrestricted	178,069	39,841	217,910
Total Net Assets	<u>\$ 7,099,670</u>	<u>\$ 76,987</u>	<u>\$ 7,176,657</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 4,807,056		\$ 511,987	\$ (4,295,069)		\$ (4,295,069)
Special Education	1,581,945		628,638	(953,307)		(953,307)
Other Special Instruction	127,163		13,382	(113,781)		(113,781)
Other Instruction	94,854			(94,854)		(94,854)
Support Services:						
Tuition	4,358,312			(4,358,312)		(4,358,312)
Student & Instruction Related Services	1,500,130		72,482	(1,427,648)		(1,427,648)
General Administrative Services	412,387		24,807	(387,580)		(387,580)
School Administrative Services	252,216		23,616	(228,600)		(228,600)
Central Services	301,138		19,517	(281,621)		(281,621)
Plant Operations and Maintenance	984,044			(984,044)		(984,044)
Pupil Transportation	875,911		54,803	(821,108)		(821,108)
Interest on Long-Term Debt	244,709			(244,709)		(244,709)
Capital Outlay	34,700			(34,700)		(34,700)
Unallocated	440,149			(440,149)		(440,149)
Total Governmental Activities	16,014,714		1,349,232	(14,665,482)		(14,665,482)
Business-Type Activities:						
Food Service	201,431	\$ 182,651	43,860		\$ 25,080	25,080
Total Business-Type Activities	201,431	182,651	43,860		25,080	25,080
Total Primary Government	\$ 16,216,145	\$ 182,651	\$ 1,393,092	(14,665,482)	25,080	(14,640,402)

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
General Revenues:						
Taxes:						
	Property Taxes, Levied for General Purposes, Net			\$ 13,934,431		\$ 13,934,431
	Taxes Levied for Debt Service			904,938		904,938
	Tuition Charges			7,250		7,250
	Federal and State Aid not Restricted			6,347		6,347
	Miscellaneous Income			103,326	\$ 10	103,336
	Total General Revenue			14,956,292	10	14,956,302
	Change in Net Assets			290,810	25,090	315,900
	Net Assets - Beginning			6,808,860	51,897	6,860,757
	Net Assets - Ending			<u>\$ 7,099,670</u>	<u>\$ 76,987</u>	<u>\$ 7,176,657</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 275,187	\$ 1,604	\$ 276,791
Interfund Receivable	150		150
Receivables From State Government	83,539	39,991	123,530
Receivables From Federal Government		49,678	49,678
Receivables From Other Governments		14,637	14,637
Other Receivables		1,750	1,750
Restricted Cash and Cash Equivalents	431,435		431,435
Total Assets	\$ 790,311	\$ 107,660	\$ 897,971
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 30,369	\$ 23,820	\$ 54,189
Payable to Federal Government		10,933	10,933
Payable to State Government		12,784	12,784
Deferred Revenue		60,123	60,123
Total Liabilities	30,369	107,660	138,029
Fund Balances:			
Restricted for:			
Capital Reserve Account	131,435		131,435
Maintenance Reserve Account	300,000		300,000
Excess Surplus-			
Subsequent's Year's Expenditures	29,748		29,748
Assigned to:			
Year-end Encumbrances	24,000		24,000
Unassigned:			
General Fund	274,759		274,759
Total Fund Balances	759,942		759,942
Total Liabilities and Fund Balances	\$ 790,311	\$ 107,660	\$ 897,971
Amounts Reported for <i>Governmental Activities</i> in the Statement of Net Assets (A-1) are Different Because:			
Total Fund Balances from above			\$ 759,942
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds. The Cost of the Assets is \$19,259,845 and the Accumulated Depreciation is \$7,399,427.			11,860,418
Interest on Long-Term Debt is not Accrued in Governmental Funds, but Rather is Recognized as an Expenditure When Due.			(74,750)
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			(5,445,940)
Net Assets of Governmental Activities			\$ 7,099,670

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
Local Sources:				
Local Tax Levy	\$ 13,934,431		\$ 904,938	\$ 14,839,369
Tuition	7,250			7,250
Interest Earned on Capital Reserve Funds	6			6
Other Restricted Miscellaneous Revenue	5			5
Unrestricted Miscellaneous Revenue	103,315	\$ 10,648		113,963
Total - Local Sources	14,045,007	10,648	904,938	14,960,593
State Sources	1,136,593	33,771		1,170,364
Federal Sources		174,568		174,568
Total Revenues	15,181,600	218,987	904,938	16,305,525
EXPENDITURES:				
Current:				
Regular Instruction	3,513,376	44,419		3,557,795
Special Education Instruction	1,034,262	174,568		1,208,830
Other Special Instruction	91,785			91,785
School-Sponsored/Other Instruction	81,565			81,565
Support Services and Undistributed Costs:				
Tuition	4,358,312			4,358,312
Student and Other Instruction Related Services	1,173,875			1,173,875
General Administration Services	330,199			330,199
School Administration Services	195,371			195,371
Central Services	225,594			225,594
Plant Operations and Maintenance	901,209			901,209
Student Transportation	846,898			846,898
Unallocated Benefits	2,312,975			2,312,975
Debt Service:				
Principal			650,000	650,000
Interest and Other Charges			254,938	254,938
Capital Outlay	34,700			34,700
Total Expenditures	15,100,121	218,987	904,938	16,224,046
Excess/(Deficit) of Revenue Over/(Under)				
Expenditures	81,479			81,479
Fund Balance - July 1	678,463			678,463
Fund Balance - June 30	\$ 759,942	\$ -0-	\$ -0-	\$ 759,942

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 81,479

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 depreciation and deleted assets exceeded capital outlays in the period.

	\$	(479,541)	
Depreciation Expense		(7,735)	
Deleted Assets, net of accumulated depreciation		(7,735)	
			(487,276)

In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

36,378

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).

10,229

Repayment of serial bonds payable is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.

650,000

Change in Net Assets of Governmental Activities

\$ 290,810

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	<u>Business-type Activities - Enterprise Funds</u> <u>Food Service</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 35,295
Intergovernmental Accounts Receivable:	
State	187
Federal	2,159
Inventories	3,652
	41,293
Total Current Assets	41,293
Non-Current Assets:	
Capital Assets	217,100
Less: Accumulated Depreciation	(179,954)
	37,146
Total Non-Current Assets	37,146
Total Assets	78,439
<u>LIABILITIES:</u>	
Current Liabilities:	
Deferred Revenue	1,452
	1,452
Total Liabilities	1,452
<u>NET ASSETS:</u>	
Investment in Capital Assets Net of Related Debt	37,146
Unrestricted	39,841
	76,987
Total Net Assets	\$ 76,987

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-5

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Business-type Activities - Enterprise Funds Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 43,384
Daily Sales - Non-Reimbursable Programs	138,664
Miscellaneous Revenue	603
Total Operating Revenue	182,651
Operating Expenses:	
Cost of Sales	95,975
Salaries, Benefits & Payroll Taxes	88,216
Supplies, Insurance & Other Costs	1,470
Management Fee	8,858
Miscellaneous Expense	5,867
Depreciation Expense	75
Total Operating Expenses	200,461
Operating Loss	(17,810)
Non-Operating Income:	
Local Sources:	
Interest Income	10
State Sources:	
State School Lunch Program	2,408
Federal Sources:	
National School Lunch Program	30,430
Food Distribution Program	10,052
Total Non-Operating Income	42,900
Change in Net Assets	25,090
Net Assets - Beginning of Year	51,897
Net Assets - End of Year	\$ 76,987

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BEDMINSTER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Business-type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 209,535
Payments to Food Service Contractor	(210,895)
	(1,360)
Net Cash Used for Operating Activities	
Cash Flows from Financing Activities:	
Interest Income	10
	10
Net Cash Provided by Financing Activities	
Cash Flows by Noncapital Financing Activities:	
State Sources	2,488
Federal Sources	31,320
	33,808
Net Cash Provided by Noncapital Financing Activities	
Net Increase in Cash and Cash Equivalents	32,458
Cash and Cash Equivalents, July 1	2,837
Cash and Cash Equivalents, June 30	\$ 35,295
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (17,810)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	5,867
Food Distribution Program	10,052
Changes in Assets and Liabilities:	
Decrease in Inventory	1,829
(Decrease) in Deferred Revenue	(1,298)
	(1,360)
Net Cash Used for Operating Activities	\$ (1,360)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program Valued at \$8,753 and Utilized Commodities Valued at \$10,052.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

2011
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2011

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>
<u>ASSETS:</u>		
Cash and Cash Equivalents	\$ 141,634	\$ 5,620
Total Assets	<u>141,634</u>	<u>5,620</u>
<u>LIABILITIES:</u>		
Interfund Payable:		
General Fund	150	
Payroll Deductions and Withholdings	44,041	
Accrued Salaries and Wages	76,714	
Due to Student Groups	<u>20,729</u>	
Total Liabilities	<u>141,634</u>	
<u>NET ASSETS:</u>		
Held in Trust for Unemployment Claims		<u>5,620</u>
Total Net Assets	<u>\$ -0-</u>	<u>\$ 5,620</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Plan Members	\$ 10,039
Budget Appropriation	53,941
Total Contributions	<u>63,980</u>
Investment Earnings:	
Interest	10
Net Investment Earnings	<u>10</u>
Total Additions	<u>63,990</u>
DEDUCTIONS:	
Unemployment Claims	<u>64,801</u>
Total Deductions	<u>64,801</u>
Change in Net Assets	(811)
Net Assets - Beginning of the Year	<u>6,431</u>
Net Assets - End of the Year	<u><u>\$ 5,620</u></u>

THE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
NOTES TO THE 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 (the "Board") of Township of Bedminster School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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.

A. Reporting Entity

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

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include an elementary school, located in the Township of Bedminster. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net assets and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other non-exchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

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.

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 and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the capital outlay sub-fund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states 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 revenue. 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.

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

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue 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 cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

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 includes the Student Activities Fund, Payroll Agency Fund and the Unemployment Compensation Insurance Trust Fund.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. 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. 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.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

Reports for the District's Food Service Fund are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the County office 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. The legal level of budgetary

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control (Cont'd)

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 made by School Board resolution. All budgetary 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 budget during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The general fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 15,106,719	\$ 218,987
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	97,466	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(22,584)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 15,181,601	\$ 218,987
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 15,100,121	\$ 218,987
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 15,100,121	\$ 218,987

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents and Investments

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

New Jersey school districts are limited as to the type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of 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.

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

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing source/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.

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed or assigned 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 revenue 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.

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the general or enterprise funds represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	50 years
Site Improvements	20 years
Furniture and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

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

L. Long Term Liabilities:

In the district-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond issuance costs as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

M. Accrued Salaries and Wages

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2011, the amount earned by these employees but not yet disbursed was \$76,714.

N. Compensated Absences

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

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

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

O. Deferred Revenue

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

P. Fund Balance Appropriated

General Fund: Of the \$759,942 General Fund fund balance at June 30, 2011, \$131,435 is restricted for the capital reserve account; \$300,000 is restricted for the maintenance reserve account; \$29,748 is restricted excess surplus- subsequent year's expenditures; \$24,000 is assigned to year-end encumbrances; and \$274,759 is unassigned, which is \$22,584 less than the calculated maximum unassigned fund balance due to the final two State Aid payments that are not recognized until the fiscal year ending June 30, 2012.

Debt Service: The Debt Service Fund fund balance at June 30, 2011 is \$ -0-.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (s1701), the Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict 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 year's budget. The District had no excess surplus from operations for the fiscal year ended June 30, 2011.

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated (Cont'd)

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$22,584 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payments in the subsequent fiscal year, the school district cannot recognize the last state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final state aid payments and not the fund balance reported on the fund statement which excludes the last state aid payments.

Q. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist 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.

R. Fund Balance Restrictions, Commitments and Assignments:

The District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the current fiscal year. The objective of this standard is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions (as detailed in Note 1B). This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, a capital reserve, and a maintenance reserve.

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had no committed resources for at June 30, 2011.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances in the General Fund at June 30, 2011.

S. Revenue - Exchange and Non-exchange Transactions:

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, 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 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 non-exchange 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, interest and tuition.

T. Operating Revenue and Expenses:

Operating revenue 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.

U. Management Estimates:

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

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(Continued)

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

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, and

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, the Federal Home Loan Bank Board, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

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

	<u>Capital and Maintenance Reserves</u>	<u>Cash and Cash Equivalents</u>	<u>Total</u>
Checking Accounts	\$ 431,435	\$ 418,592	\$ 850,027
New Jersey Cash Management Fund		16,044	16,044
New Jersey Asset and Rebate Management		24,704	24,704
	<u>\$ 431,435</u>	<u>\$ 459,340</u>	<u>\$ 890,775</u>

During the period ended June 30, 2011, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2011; was \$890,755 and the bank balance was \$1,023,478. The \$16,044 in the New Jersey Cash Management Fund and the \$24,704 in New Jersey Asset and Rebate Management are uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution 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 State Department of Education, 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 (June 1 to June 30) 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. 6:23A-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 for the Capital Reserve Account for the fiscal year ended June 30, 2011 is as follows:

Beginning Balance, July 1, 2010	\$ 106,755
Interest Earnings	5
Deposit: Board Resolution - June 22, 2011	<u>24,675</u>
Ending Balance, June 30, 2011	<u>\$ 131,435</u>

The balance in the capital reserve account at June 30, 2011 does not exceed the LRFP balance of local support costs of uncompleted capital projects.

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
 (Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$50,000 was established by the Township of Bedminster School District on June 11, 2009. The funds for the establishment of this reserve were withdrawn from undesignated unassigned general fund balance. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Beginning Balance, July 1, 2010	\$ 50,000
Deposit: Board Resolution - June 22, 2011	<u>250,000</u>
Ending Balance, June 30, 2011	<u>\$ 300,000</u>

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2011 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 7,444			\$ 7,444
Total Capital Assets Not Being Depreciated	<u>7,444</u>			<u>7,444</u>
Capital Assets Being Depreciated:				
Site Improvements	283,185			283,185
Buildings and Building Improvements	17,634,349			17,634,349
Machinery and Equipment	<u>1,342,602</u>		\$ (7,735)	<u>1,334,867</u>
Total Capital Assets Being Depreciated	<u>19,260,136</u>		<u>(7,735)</u>	<u>19,252,401</u>
Governmental Activities Capital Assets	<u>19,267,580</u>		<u>(7,735)</u>	<u>19,259,845</u>
Less Accumulated Depreciation for:				
Site Improvements	(145,190)	\$ (13,815)		(159,005)
Buildings and Building Improvements	(5,746,817)	(406,525)		(6,153,342)
Machinery and Equipment	<u>(1,027,879)</u>	<u>(59,201)</u>		<u>(1,087,080)</u>
	<u>(6,919,886)</u>	<u>(479,541)</u>		<u>(7,399,427)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 12,347,694</u>	<u>\$ (479,541)</u>	<u>\$ (7,735)</u>	<u>\$ 11,860,418</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 217,100			\$ 217,100
Less: Accumulated Depreciation	<u>(174,087)</u>	<u>\$ (5,867)</u>		<u>(179,954)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 43,013</u>	<u>\$ (5,867)</u>	<u>\$ -0-</u>	<u>\$ 37,146</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 25,118
General Administration	7,908
School Administration	7,908
Central Services	3,955
Operations and Maintenance of Plant	2,238
Unallocated	<u>432,414</u>
	<u>\$ 479,541</u>

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2011, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2010</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2011</u>
Serial Bonds Payable	\$ 6,050,000		\$ 650,000	\$ 5,400,000
Compensated Absences Payable	82,318	\$ 17,809	54,187	45,940
	<u>\$ 6,132,318</u>	<u>\$ 17,809</u>	<u>\$ 704,187</u>	<u>\$ 5,445,940</u>

A. Bonds Payable:

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.

The District had bonds outstanding as of June 30, 2011 as follows:

<u>Final Maturity</u> <u>Date</u>	<u>Serial Bonds</u>	<u>Amount</u>
	<u>Interest</u> <u>Rate</u>	
03/01/12	4.75%	\$ 70,000
03/01/18	3.25%-4.00%	5,330,000
		<u>\$ 5,400,000</u>

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

<u>Year Ending June 30,</u>	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	680,000	224,250	904,250
2013	710,000	196,550	906,550
2014	735,000	167,075	902,075
2015	765,000	134,825	899,825
Thereafter 3 Years (2016-2018)	2,510,000	203,400	2,713,400
	<u>\$ 5,400,000</u>	<u>\$ 926,100</u>	<u>\$ 6,326,100</u>

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

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

B. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$-0- and is separated from the long-term liability balance of compensated absences of \$45,940.

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 Funds.

The General Fund will be used to liquidate the governmental funds Compensated Absences Payable. The bond payments will be paid from the Debt Service Fund.

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey. These systems are sponsored and administered by the State of New Jersey. The TPAF 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 Board and the system's other non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan.

Employees who are members of TPAF or PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of credible service. Vesting occurs after 8 to 10 years of service.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Employee contributions are based on percentages of 5.50% for TPAF and 5.50% for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF.

District Contributions to PERS amounted to \$104,276, \$72,724, and \$49,235 for the fiscal years ended June 30, 2011, 2010, and 2009 respectively.

During the fiscal years ended June 30, 2011, 2010, and 2009 the State of New Jersey contributed \$-0-, \$-0-, and \$-0-, respectively, to the TPAF for normal pension benefits on-behalf of the District.

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Laws 2007 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 Chapter 62 of Public Laws 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

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

The State's on behalf Post Retirement Medical Contributions to TPAF for the District were \$342,997, \$299,309 and \$298,377, for 2011, 2010 and 2009, respectively.

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains their health benefit coverage through Horizon Blue Cross/Blue Shield of NJ and dental insurance coverage through Delta Dental Plan of NJ.

Property and Liability Insurance

The District is a member of the New Jersey School Boards Association Insurance Group (the "NJSBAIG"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The NJSBAIG is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the NJSBAIG are elected.

As a member of the NJSBAIG, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the NJSBAIG were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. The NJSBAIG can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Selected, summarized financial information for the Fund as of June 30, 20112 is as follows:

	N.J. School Board Association <u>Insurance Group</u>
Total Assets	<u>\$ 253,890,161</u>
Net Assets	<u>\$ 62,802,257</u>
Total Revenue	<u>\$ 83,993,678</u>
Total Expenses	<u>\$ 79,175,491</u>
Change in Net Assets	<u>\$ 4,818,187</u>
Net Assets Distribution to Participating Members	<u>\$ -0-</u>

Financial statements for the NJSBAIG are available at the Group's Executive Director's Office:

New Jersey School Boards' Association Insurance Group
450 Veterans Drive
Burlington, NJ 08016
(609) 386-6060
www.njsbaig.org

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 the District's contributions, employee contributions, interest earned and reimbursements to the State for benefits paid and the ending balance of the District's Unemployment Trust Fiduciary Fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$ 53,941	\$ 10	\$ 10,039	\$ 64,801	\$ 5,620
2009-2010	3,000	19	6,532	7,321	6,431
2008-2009	237	41	8,406	15,353	4,201

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
 (Continued)

NOTE 11. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 150	
Fiduciary Fund		150
	\$ 150	\$ 150

The interfund receivable of \$150 in the General Fund is interest earned in the Fiduciary Fund due to the General Fund as of June 30, 2011.

NOTE 13. 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, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

The plan administrators are as follows:

- | | |
|---------------|-------------------|
| AXA Equitable | Lincoln Financial |
| AIG Valic | Metropolitan Life |
| Ameriprise | |

NOTE 14. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10. Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined mutually agreed-upon schedule.

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

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

Encumbrances

At June 30, 2011 there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

<u>General Fund</u>	<u>Total Governmental Activities</u>
\$ 24,000	\$ 24,000

Litigation

The District is periodically involved in pending lawsuits. The District estimates that any potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial statements of the District.

NOTE 16: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2011 the District did not make any transfers to the capital outlay accounts that require County Superintendent's approval.

NOTE 17: ACCOUNTS PAYABLE

Payables as of June 30, 2011 were as follows:

	<u>Governmental Activities</u>		<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	
Vendors	\$ 30,369	\$ 23,820	\$ 54,189

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 13,934,431		\$ 13,934,431	\$ 13,934,431	
Tuition	35,000		35,000	7,250	\$ (27,750)
Interest Earned on Maintenance Reserve	5		5	5	
Interest Earned on Capital Reserve Funds	5		5	6	1
Unrestricted Miscellaneous Revenue	95,000		95,000	103,315	8,315
Total - Local Sources	<u>14,064,441</u>		<u>14,064,441</u>	<u>14,045,007</u>	<u>(19,434)</u>
State Sources:					
Extraordinary Aid	72,269		72,269	53,803	(18,466)
Categorical Special Education Aid	242,493		242,493	242,493	
Nonpublic Transportation Aid				10,440	10,440
TPAF Non-Contributory Insurance (non-budgeted)				16,149	16,149
On-Behalf Post Retirement Contributions (non-budgeted)				342,997	342,997
Reimbursed TPAF Social Security Contributions (non-budgeted)				395,830	395,830
Total State Sources	<u>314,762</u>		<u>314,762</u>	<u>1,061,712</u>	<u>746,950</u>
TOTAL REVENUES	<u>14,379,203</u>		<u>14,379,203</u>	<u>15,106,719</u>	<u>727,516</u>

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 345,248	\$ (7,493)	\$ 337,755	\$ 337,099	\$ 656
Grades 1-5 - Salaries of Teachers	1,774,338	(93,211)	1,681,127	1,680,127	1,000
Grades 6-8 - Salaries of Teachers	1,082,019	82,914	1,164,933	1,164,128	805
Regular Programs - Home Instruction:					
Salaries of Teachers	2,025	6,228	8,253	8,253	
Regular Programs - Undistributed Instruction:					
Purchased Technical Services	16,300	6,383	22,683	22,683	
Other Purchased Services	45,620	5,764	51,384	35,835	15,549
General Supplies	107,803	14,590	122,393	122,250	143
Textbooks	47,805	1,923	49,728	33,333	16,395
Other Objects	110,161	3,454	113,615	109,668	3,947
Total Regular Programs - Instruction	<u>3,531,319</u>	<u>20,552</u>	<u>3,551,871</u>	<u>3,513,376</u>	<u>38,495</u>
Special Education - Instruction:					
Visual Impairments:					
Purchased Professional-Educational Services	700		700	700	
Total Learning and/or Language Disabilities	<u>700</u>		<u>700</u>	<u>700</u>	
Behavioral Disabilities:					
Salaries of Teachers	61,480	3,707	65,187	65,187	
General Supplies	400		400	400	
Total Behavioral Disabilities	<u>61,880</u>	<u>3,707</u>	<u>65,587</u>	<u>65,587</u>	
Multiple Disabilities:					
Salaries of Teachers	58,640		58,640	58,640	
General Supplies	1,050		1,050	1,050	
Total Multiple Disabilities	<u>59,690</u>		<u>59,690</u>	<u>59,690</u>	
Resource Room/Resource Center:					
Salaries of Teachers	620,172	1,036	621,208	621,208	
Other Salaries for Instruction	3,812	(3,428)	384	384	
General Supplies	4,450	14	4,464	4,464	
Textbooks	1,000	(14)	986	629	357
Other Objects	650		650	208	442
Total Resource Room/Resource Center	<u>630,084</u>	<u>(2,392)</u>	<u>627,692</u>	<u>626,893</u>	<u>799</u>

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Preschool Disabilities - Part-time - Instruction:					
Salaries of Teachers	\$ 208,290	\$ (27,746)	\$ 180,544	\$ 180,544	
Other Salaries for Instruction	85,658	(1,391)	84,267	67,979	\$ 16,288
Purchased Professional-Educational Services	41,940	(9,426)	32,514	30,490	2,024
General Supplies	2,100	516	2,616	1,692	924
Other Objects	750		750	687	63
Total Preschool Disabilities - Part-time - Instruction	338,738	(38,047)	300,691	281,392	19,299
Total Special Education Instruction	1,091,092	(36,732)	1,054,360	1,034,262	20,098
Basic Skills/Remedial - Instruction:					
Other Salaries for Instruction	5,000		5,000	4,640	360
Total Basic Skills/Remedial - Instruction	5,000		5,000	4,640	360
Bilingual Education - Instruction:					
Salaries of Teachers	87,520		87,520	86,645	875
General Supplies	500		500	500	
Total Bilingual Education - Instruction	88,020		88,020	87,145	875
School-Sponsored Co curricular Activities - Instruction:					
Salaries	17,531	7,774	25,305	25,305	
Supplies and Materials	18,964		18,964	13,885	5,079
Total School-Sponsored Co curricular Activities - Instruction	36,495	7,774	44,269	39,190	5,079
School-Sponsored Co curricular Athletics - Instruction:					
Salaries	28,906	940	29,846	29,846	
Purchased Services	8,700		8,700	5,572	3,128
Other Objects	14,600		14,600	6,957	7,643
Total School-Sponsored Co curricular Athletics - Instruction	52,206	940	53,146	42,375	10,771
Total Instruction	4,804,132	(7,466)	4,796,666	4,720,988	75,678

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE 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</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	\$ 4,001,758		\$ 4,001,758	\$ 4,001,750	\$ 8
Tuition to County Voc. School Dist. - Regular	18,441	\$ 5,969	24,410	24,180	230
Tuition to Private Schools for the Handicapped - Within State	462,087	(21,859)	440,228	332,382	107,846
Total Undistributed Expenditures - Instruction	<u>4,482,286</u>	<u>(15,890)</u>	<u>4,466,396</u>	<u>4,358,312</u>	<u>108,084</u>
Health Services:					
Salaries	116,551	1,704	118,255	118,255	
Purchased Professional and Technical Services	16,620	(2,739)	13,881	12,894	987
Supplies and Materials	4,750	2,434	7,184	6,937	247
Total Health Services	<u>137,921</u>	<u>1,399</u>	<u>139,320</u>	<u>138,086</u>	<u>1,234</u>
Speech, OT, PT, and Related Services:					
Salaries	160,323		160,323	157,723	2,600
Purchased Professional-Educational Services	2,700	165	2,865	165	2,700
Supplies and Materials	1,200		1,200	1,200	
Other Objects	200	(165)	35		35
Total Speech, OT, PT, and Related Services	<u>164,423</u>	<u></u>	<u>164,423</u>	<u>159,088</u>	<u>5,335</u>
Guidance:					
Salaries of Other Professional Staff	138,855	503	139,358	139,358	
Salaries of Secretarial and Clerical Assistants	6,000		6,000	5,124	876

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE 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</u>
EXPENDITURES:					
CURRENT EXPENSE					
Guidance (Cont'd):					
Other Salaries	\$ 23,016		\$ 23,016	\$ 20,906	\$ 2,110
Supplies and Materials	8,850		8,850	5,757	3,093
Other Objects	3,500		3,500	125	3,375
Total Guidance	<u>180,221</u>	<u>\$ 503</u>	<u>180,724</u>	<u>171,270</u>	<u>9,454</u>
Child Study Team:					
Salaries of Other Professional Staff	313,191		313,191	303,145	10,046
Salaries of Secretarial and Clerical Assistants	47,880		47,880	47,065	815
Purchased Professional - Educational Services	5,900	(857)	5,043	1,871	3,172
Other Purchased Professional and Technical Services	4,550		4,550	4,550	
Miscellaneous Purchased Services	372		372	143	229
Supplies and Materials	4,000	857	4,857	4,477	380
Total Child Study Team	<u>375,893</u>		<u>375,893</u>	<u>361,251</u>	<u>14,642</u>
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	82,000	(1,000)	81,000	80,000	1,000
Salaries of Other Professional Staff	100,897	(521)	100,376	99,973	403
Other Salaries	48,877		48,877	46,611	2,266
Other Purchased Services	27,919	1,521	29,440	5,085	24,355
Supplies and Materials	1,000		1,000	558	442
Other Objects	1,500		1,500	750	750
Total Improvement of Instructional Services	<u>262,193</u>		<u>262,193</u>	<u>232,977</u>	<u>29,216</u>

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Educational Media Services/School Library:					
Salaries	\$ 88,928	\$ (4,182)	\$ 84,746	\$ 77,996	\$ 6,750
Other Purchased Services	13,640		13,640	13,640	
Supplies and Materials	11,000	2,004	13,004	9,947	3,057
Other Objects	3,500	2,177	5,677	5,377	300
Total Educational Media Services/School Library	117,068	(1)	117,067	106,960	10,107
Instructional Staff Training Services:					
Purchased Professional-Educational Services	11,300	(70)	11,230	4,243	6,987
Total Instructional Staff Training Services	11,300	(70)	11,230	4,243	6,987
Support Services - General Administration:					
Salaries	232,137	(908)	231,229	231,229	
Legal Services	30,000	21,962	51,962	51,745	217
Other Purchased Professional Services	12,945	(550)	12,395	12,395	
Purchased Technical Services	12,795	(1,640)	11,155	11,155	
Communications/Telephone	2,250		2,250	2,250	
Other Purchased Services	8,439	130	8,569	8,569	
General Supplies	10,675	(5,757)	4,918	4,918	
Miscellaneous Expenditures	8,310	(372)	7,938	7,938	
Total Support Services - General Administration	317,551	12,865	330,416	330,199	217
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	148,096	(2,491)	145,605	145,605	
Salaries of Secretarial and Clerical Assistants	42,940	4,712	47,652	47,652	
Supplies and Materials	500	(17)	483	444	39
Other Objects	1,600	70	1,670	1,670	
Total Support Services - School Administration	193,136	2,274	195,410	195,371	39

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE 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</u>
EXPENDITURES:					
CURRENT EXPENSE					
Central Services:					
Salaries	\$ 217,655	\$ (1,566)	\$ 216,089	\$ 216,089	
Purchased Professional Services		249	249	249	
Miscellaneous Purchased Services	8,415	(898)	7,517	6,770	\$ 747
Supplies and Materials	2,550	48	2,598	2,486	112
Total Central Services	<u>228,620</u>	<u>(2,167)</u>	<u>226,453</u>	<u>225,594</u>	<u>859</u>
Required Maintenance:					
Salaries	123,147	(3,232)	119,915	119,915	
Cleaning, Repair and Maintenance Services	73,256	11,790	85,046	85,046	
General Supplies	8,000	3,688	11,688	11,588	100
Total Required Maintenance	<u>204,403</u>	<u>12,246</u>	<u>216,649</u>	<u>216,549</u>	<u>100</u>
Custodial Services:					
Salaries	231,701	(17,146)	214,555	214,555	
Purchased Professional and Technical Services	21,200	1,594	22,794	22,344	450
Cleaning, Repair, and Maintenance Services	63,500	2,556	66,056	65,070	986
Other Purchased Property Services	19,300	549	19,849	19,849	
Insurance	57,200		57,200	54,559	2,641
Miscellaneous Purchased Services	2,372	1,922	4,294	4,294	
General Supplies	31,078	10,263	41,341	41,292	49
Energy (Electricity)	265,500	(6,445)	259,055	253,385	5,670
Other Objects	10,000	(116)	9,884	9,312	572
Total Custodial Services	<u>701,851</u>	<u>(6,823)</u>	<u>695,028</u>	<u>684,660</u>	<u>10,368</u>

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE 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</u>
EXPENDITURES:					
CURRENT EXPENSE					
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular Education	\$ 65,922	\$ (747)	\$ 65,175	\$ 64,314	\$ 861
Management Fee - ESC & CTSA Transportation Program	9,652		9,652	9,549	103
Contracted Services:					
Between Home and School - Vendors	424,806		424,806	424,806	
Other than Between Home and School - Vendors	20,275	(4,677)	15,598	10,837	4,761
Between Home and School - Joint Agreements	20,850		20,850	19,000	1,850
Special Education Students - Vendors	15,000		15,000	15,000	
Special Education Students - ECSs & CTSA	220,203	19,761	239,964	239,964	
Aid in Lieu of Payments - Nonpublic Students	92,374	(30,231)	62,143	61,789	354
Other Objects	1,800		1,800	1,639	161
Total Student Transportation Services	<u>870,882</u>	<u>(15,894)</u>	<u>854,988</u>	<u>846,898</u>	<u>8,090</u>
Unallocated Benefits:					
Social Security Contributions	120,846	(526)	120,320	111,513	8,807
Other Retirement Contributions - PERS	85,948	18,328	104,276	104,276	
Unemployment Compensation	4,000	49,940	53,940	53,940	
Workmen's Compensation	52,632		52,632	49,471	3,161
Health Benefits	1,323,814	(48,713)	1,275,101	1,238,799	36,302
Total Unallocated Benefits	<u>1,587,240</u>	<u>19,029</u>	<u>1,606,269</u>	<u>1,557,999</u>	<u>48,270</u>

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE 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</u>
EXPENDITURES:					
CURRENT EXPENSE					
On-Behalf Contributions:					
TPAF Non-Contributory Insurance (non-budgeted)				\$ 16,149	\$ (16,149)
On-Behalf Post Retirement Contributions (non-budgeted)				342,997	(342,997)
Reimbursed TPAF Social Security Contributions (non-budgeted)				395,830	(395,830)
Total On-Behalf Contributions				<u>754,976</u>	<u>(754,976)</u>
 Total Personal Services - Employee Benefits	<u>\$ 1,587,240</u>	<u>\$ 19,029</u>	<u>\$ 1,606,269</u>	<u>2,312,975</u>	<u>(706,706)</u>
 Total Undistributed Expenses	<u>9,834,988</u>	<u>7,471</u>	<u>9,842,459</u>	<u>10,344,433</u>	<u>(501,974)</u>
 TOTAL GENERAL CURRENT EXPENSE	<u>14,639,120</u>	<u>5</u>	<u>14,639,125</u>	<u>15,065,421</u>	<u>(426,296)</u>
 CAPITAL OUTLAY					
Interest Deposit to Capital Reserve	5	(5)			
Equipment:					
Undistributed Expenditures:					
Required Maintenance for School Facilities	10,000	(1,808)	8,192	6,892	1,300
Non-Instructional Service	26,000	1,808	27,808	27,808	
Total Equipment	<u>36,005</u>	<u>(5)</u>	<u>36,000</u>	<u>34,700</u>	<u>1,300</u>
 TOTAL CAPITAL OUTLAY	<u>36,005</u>	<u>(5)</u>	<u>36,000</u>	<u>34,700</u>	<u>1,300</u>
 TOTAL EXPENDITURES	<u>14,675,125</u>		<u>14,675,125</u>	<u>15,100,121</u>	<u>(424,996)</u>
 Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(295,922)</u>		<u>(295,922)</u>	<u>6,598</u>	<u>302,520</u>

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE 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</u>
Fund Balance, July 1	\$ 722,646		\$ 722,646	\$ 775,928	53,282
Fund Balance, June 30	<u>\$ 426,724</u>	<u>\$ -0-</u>	<u>\$ 426,724</u>	<u>\$ 782,526</u>	<u>\$ 355,802</u>
Recapitulation:					
Restricted for:					
Capital Reserve Account				\$ 131,435	
Maintenance Reserve Account				300,000	
Excess Surplus -					
Subsequent Year's Expenditures				29,748	
Assigned to:					
Year-end Encumbrances				24,000	
Unassigned:					
General Fund				<u>297,343</u>	
				782,526	
Reconciliation to Governmental Funds Statement (GAAP):					
Last Two State Aid Payments not Recognized on GAAP basis				<u>(22,584)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 759,942</u>	

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 11,713	\$ 11,713	\$ 10,648	\$ (1,065)
State Sources	\$ 35,795	5,392	41,187	33,771	(7,416)
Federal Sources	183,006	33,894	216,900	174,568	(42,332)
Total Revenues	218,801	50,999	269,800	218,987	(50,813)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	143,913	87	144,000	138,239	5,761
General Supplies	3,866	11,713	15,579	14,193	1,386
Textbooks	10,071	(1,999)	8,072	8,072	
Total Instruction	157,850	9,801	167,651	160,504	7,147
Support Services:					
Personal Services - Employee Benefits	11,015		11,015	10,021	994
Purchased Professional and Technical Services	42,498	32,617	75,115	44,380	30,735
Other Purchased Services	6,813	8,581	15,394	4,082	11,312
Supplies and Materials	625		625	625	625
Total Support Services	60,951	41,198	102,149	58,483	43,666
Total Expenditures	\$ 218,801	\$ 50,999	\$ 269,800	\$ 218,987	\$ 50,813
Excess of Revenue Over Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISION SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Note A - Explanation of Differences between Budgetary Inflows and Outflows and
 GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 15,106,719	\$ 218,987
Difference - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	97,466	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(22,584)</u>	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 <u>\$ 15,181,601</u>	 <u>\$ 218,987</u>
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 15,100,121</u>	<u>\$ 218,987</u>
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 <u>\$ 15,100,121</u>	 <u>\$ 218,987</u>

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISION SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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 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. 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 made by School Board resolution. All budgeting 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).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Nonpublic Handicapped Services</u>			<u>Nonpublic Auxiliary Services</u>
	<u>Supplementary Instruction</u>	<u>Corrective Speech</u>	<u>Examination and Classification</u>	<u>English as Second Language</u>
REVENUES:				
Local Sources				
State Sources	\$ 2,235	\$ 578	\$ 10,411	\$ 2,911
Federal Sources				
Total Revenues	<u>2,235</u>	<u>578</u>	<u>10,411</u>	<u>2,911</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers				
General Supplies				
Textbooks				
Total Instruction				
Support Services:				
Personal Services - Employee Benefits				
Purchased Professional and Technical Services	2,235	578	10,411	2,911
Other Purchased Services				
Total Support Services	<u>2,235</u>	<u>578</u>	<u>10,411</u>	<u>2,911</u>
Total Expenditures	<u>\$ 2,235</u>	<u>\$ 578</u>	<u>\$ 10,411</u>	<u>\$ 2,911</u>

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Nonpublic Textbooks	Nonpublic Nursing	Local Programs	I.D.E.A., Part B	
				Basic	Preschool
REVENUES:					
Local Sources			\$ 10,648		
State Sources	\$ 8,072	\$ 9,564			
Federal Sources				\$ 150,641	\$ 6,845
Total Revenues	8,072	9,564	10,648	150,641	6,845
EXPENDITURES:					
Instruction:					
Salaries of Teachers				119,239	6,000
General Supplies			10,648	3,159	386
Textbooks	8,072				
Total Instruction	8,072		10,648	122,398	6,386
Support Services:					
Personal Services - Employee Benefits				9,562	459
Purchased Professional and Technical Services		9,564		18,681	
Other Purchased Services					
Total Support Services		9,564		28,243	459
Total Expenditures	\$ 8,072	\$ 9,564	\$ 10,648	\$ 150,641	\$ 6,845

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>No Child Left Behind</u>		<u>Totals</u>
	<u>Title I</u>	<u>Title IIA</u>	
REVENUES:			
Local Sources			\$ 10,648
State Sources			33,771
Federal Sources	\$ 13,000	\$ 4,082	174,568
Total Revenues	<u>13,000</u>	<u>4,082</u>	<u>218,987</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	13,000		138,239
General Supplies			14,193
Textbooks			8,072
Total Instruction	<u>13,000</u>		<u>160,504</u>
Support Services:			
Personal Services - Employee Benefits			10,021
Purchased Professional and Technical Services			44,380
Other Purchased Services		4,082	4,082
Total Support Services		<u>4,082</u>	<u>58,483</u>
Total Expenditures	<u>\$ 13,000</u>	<u>\$ 4,082</u>	<u>\$ 218,987</u>

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET ASSETS
JUNE 30, 2011

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 35,295
Intergovernmental Accounts Receivable:	
State	187
Federal	2,159
Inventories	<u>3,652</u>
Total Current Assets	<u>41,293</u>

Non-Current Assets:

Capital Assets	217,100
Less: Accumulated Depreciation	<u>(179,954)</u>
Total Non-Current Assets	<u>37,146</u>

Total Assets	<u>78,439</u>
--------------	---------------

LIABILITIES:

Current Liabilities:

Deferred Revenue	<u>1,452</u>
Total Liabilities	<u>1,452</u>

NET ASSETS:

Investment in Capital Assets	37,146
Unrestricted	<u>39,841</u>
Total Net Assets	<u>\$ 76,987</u>

Exhibit G-2

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 43,384
Daily Sales - Non-Reimbursable Programs	138,664
Miscellaneous Revenue	<u>603</u>
Total Operating Revenue	<u>182,651</u>
Operating Expenses:	
Cost of Sales	95,975
Salaries, Benefits and Payroll Taxes	88,216
Supplies, Insurance and Other Costs	1,470
Management Fee	8,858
Depreciation Expense	5,867
Miscellaneous Expense	<u>75</u>
Total Operating Expenses	<u>200,461</u>
Operating Loss	<u>(17,810)</u>
Non-Operating Income:	
Interest Income	10
State Sources:	
State School Lunch Program	2,408
Federal Sources:	
National School Lunch Program	30,430
Food Distribution Program	<u>10,052</u>
Total Non-Operating Income	<u>42,900</u>
Change in Net Assets	25,090
Net Assets - Beginning of Year	<u>51,897</u>
Net Assets - End of Year	<u><u>\$ 76,987</u></u>

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 209,535
Payments to Food Service Contractor	(210,895)
	<hr/>
Net Cash Used for Operating Activities	(1,360)
	<hr/>
Cash Flows from Financing Activities:	
Interest Income	10
	<hr/>
Net Cash Provided by Financing Activities	10
	<hr/>
Cash Flows by Noncapital Financing Activities:	
State Sources	2,488
Federal Sources	31,320
	<hr/>
Net Cash Provided by Noncapital Financing Activities	33,808
	<hr/>
Net Increase in Cash and Cash Equivalents	32,458
	<hr/>
Cash and Cash Equivalents, July 1	2,837
	<hr/>
Cash and Cash Equivalents, June 30	\$ 35,295
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (17,810)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	5,867
Food Distribution Program	10,052
Changes in Assets and Liabilities:	
Decrease in Inventory	1,829
(Decrease) in Deferred Revenue	(1,298)
	<hr/>
Net Cash Used for Operating Activities	\$ (1,360)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program Valued at \$8,753 and Utilized Commodities Valued at \$10,052.

FIDUCIARY FUNDS

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>Agency</u>		<u>Total Agency</u>	<u>Unemployment Compensation Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>		
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 20,729	\$ 120,905	\$ 141,634	\$ 5,620
Total Assets	<u>20,729</u>	<u>120,905</u>	<u>141,634</u>	<u>5,620</u>
<u>LIABILITIES:</u>				
Interfund Payable:				
General Fund		150	150	
Payroll Deductions and Withholdings		44,041	44,041	
Accrued Salaries and Wages		76,714	76,714	
Due to Student Groups	20,729		20,729	
Total Liabilities	<u>20,729</u>	<u>120,905</u>	<u>141,634</u>	
<u>NET ASSETS:</u>				
Held in Trust for Unemployment Claims				<u>5,620</u>
Total Net Assets	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 5,620</u>

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Plan Members	\$ 10,039
Budget Appropriation	53,941
Total Contributions	<u>63,980</u>
Investment Earnings:	
Interest	10
Net Investment Earnings	<u>10</u>
Total Additions	<u>63,990</u>
DEDUCTIONS:	
Unemployment Claims	64,801
Total Deductions	<u>64,801</u>
Change in Net Assets	(811)
Net Assets - Beginning of the Year	<u>6,431</u>
Net Assets - End of the Year	<u>\$ 5,620</u>

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
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>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 20,671	\$ 97,251	\$ 97,193	\$ 20,729
Total Assets	<u>\$ 20,671</u>	<u>\$ 97,251</u>	<u>\$ 97,193</u>	<u>\$ 20,729</u>
 <u>LIABILITIES:</u>				
Due to Student Groups	\$ 20,671	\$ 97,251	\$ 97,193	\$ 20,729
Total Liabilities	<u>\$ 20,671</u>	<u>\$ 97,251</u>	<u>\$ 97,193</u>	<u>\$ 20,729</u>

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
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>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 118,028	\$ 12,897,131	\$ 12,894,254	\$ 120,905
Total Assets	<u>\$ 118,028</u>	<u>\$ 12,897,131</u>	<u>\$ 12,894,254</u>	<u>\$ 120,905</u>
 <u>LIABILITIES:</u>				
Interfund Payable:				
General Fund	\$ 28	\$ 122		\$ 150
Payroll Deductions and Withholdings	40,266	12,820,102	\$ 12,816,327	44,041
Accrued Salaries and Wages	<u>77,734</u>	<u>76,907</u>	<u>77,927</u>	<u>76,714</u>
Total Liabilities	<u>\$ 118,028</u>	<u>\$ 12,897,131</u>	<u>\$ 12,894,254</u>	<u>\$ 120,905</u>

LONG-TERM DEBT

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2010	Matured	Balance June 30, 2011
			Date	Amount				
Refinance Lease Purchase Agreement and Addition to School	12/1/97	\$ 15,605,000	3/1/12	\$ 70,000	4.75%	\$ 705,000	\$ 635,000	\$ 70,000
Refunding Bonds Series 2005	9/1/05	5,410,000	3/1/12	610,000	3.75%	5,345,000	15,000	5,330,000
			3/1/13	710,000	3.75%			
			3/1/14	735,000	4.00%			
			3/1/15	765,000	4.50%			
			3/1/16	805,000	4.00%			
			3/1/17	835,000	4.00%			
			3/1/18	870,000	4.00%			
						<u>\$ 6,050,000</u>	<u>\$ 650,000</u>	<u>\$ 5,400,000</u>

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE 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</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 904,938		\$ 904,938	\$ 904,938	
Total Revenues	<u>904,938</u>		<u>904,938</u>	<u>904,938</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	254,938		254,938	254,938	
Redemption of Principal	650,000		650,000	650,000	
Total Regular Debt Service	<u>904,938</u>		<u>904,938</u>	<u>904,938</u>	
Total Expenditures	<u>904,938</u>		<u>904,938</u>	<u>904,938</u>	
Excess/(Deficit) of Revenues Over/(Under) Expenditures					
Fund Balance, July 1	<u>\$ -0-</u>		<u>\$ -0-</u>	<u>\$ -0-</u>	
Fund Balance, June 30	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>

STATISTICAL SECTION

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2004.

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities								
Invested in Capital Assets, Net of Related Debt	\$ 3,282,964	\$ 3,635,867	\$ 4,157,984	\$ 4,677,316	\$ 5,139,345	\$ 5,730,154	\$ 6,297,694	\$ 6,460,418
Restricted	177,271	325,268	431,440	206,051	608,173	464,255	416,445	485,183
Unrestricted/(Deficit)	(9,340)	(287,246)	(202,857)	78,050	180,498	58,091	94,721	154,069
Total Governmental Activities Net Assets	\$ 3,450,895	\$ 3,673,889	\$ 4,386,567	\$ 4,961,417	\$ 5,928,016	\$ 6,252,500	\$ 6,808,860	\$ 7,099,670
Business-type Activities								
Invested in Capital Assets, Net of Related Debt	\$ 4,141	\$ 2,741	\$ 2,293	\$ 2,119	\$ 1,946	\$ 1,772	\$ 43,013	\$ 37,146
Unrestricted/Deficit	3,840	4,524	3,951	6,315	1,007	(844)	8,884	39,841
Total Business-type Activities Net Assets	\$ 7,981	\$ 7,265	\$ 6,244	\$ 8,434	\$ 2,953	\$ 928	\$ 51,897	\$ 76,987
District-wide								
Invested in Capital Assets, Net of Related Debt	\$ 3,287,105	\$ 3,638,608	\$ 4,160,277	\$ 4,679,435	\$ 5,141,291	\$ 5,731,926	\$ 6,340,707	\$ 6,497,564
Restricted	177,271	325,269	431,440	206,051	608,173	464,255	416,445	485,183
Unrestricted/(Deficit)	(5,500)	(282,722)	(198,906)	84,365	181,505	57,247	103,605	193,910
Total District Net Assets	\$ 3,458,876	\$ 3,681,155	\$ 4,392,811	\$ 4,969,851	\$ 5,930,969	\$ 6,253,428	\$ 6,860,757	\$ 7,176,657

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
CHANGES IN NET ASSETS, LAST EIGHT FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Expenses								
Governmental Activities								
Instruction								
Regular	\$ 4,185,002	\$ 4,487,500	\$ 4,349,373	\$ 4,928,652	\$ 4,857,849	\$ 4,759,213	\$ 4,731,791	\$ 4,807,056
Special Education	677,930	657,987	803,777	897,589	1,012,527	1,269,017	1,617,647	1,581,945
Other Special Education						118,262	117,258	127,163
School Sponsored/Other Instruction	357,291	391,577	381,521	276,806	269,870	121,663	121,531	94,854
Support Services:								
Tuition	3,086,721	3,849,508	3,991,022	4,087,882	4,826,546	4,889,576	4,945,958	4,358,312
Student & Instruction Related Services	1,112,957	1,146,110	1,300,958	1,490,383	1,733,939	1,570,395	1,520,424	1,500,130
General Administrative Services	641,359	590,093	560,020	608,824	502,513	438,952	440,842	412,387
School Administrative Services	284,081	250,168	300,487	274,823	274,429	259,964	265,591	252,216
Central Services					308,760	316,140	303,084	301,138
Plant Operations and Maintenance	941,445	984,913	1,030,388	1,088,404	999,368	928,623	1,128,254	984,044
Pupil Transportation	676,903	775,892	849,671	952,921	952,223	998,591	934,454	875,911
Transfer of Funds to Charter School	11,540	10,659						
Interest on Long-term Debt	564,826	529,755	414,835	387,989	412,651	330,251	285,662	244,709
Capital Outlay								34,700
Unallocated						377,872	435,634	440,149
Total Governmental Activities Expenses	<u>12,540,055</u>	<u>13,674,162</u>	<u>13,982,052</u>	<u>14,994,273</u>	<u>16,150,675</u>	<u>16,378,519</u>	<u>16,848,131</u>	<u>16,014,714</u>
Business-type Activities:								
Food Service	166,471	179,290	184,896	172,904	196,636	195,296	216,413	201,431
Total Business-type Activities Expense	<u>166,471</u>	<u>179,290</u>	<u>184,896</u>	<u>172,904</u>	<u>196,636</u>	<u>195,296</u>	<u>216,413</u>	<u>201,431</u>
Total District Expenses	<u>12,706,526</u>	<u>13,853,452</u>	<u>14,166,948</u>	<u>15,167,177</u>	<u>16,347,311</u>	<u>16,573,815</u>	<u>17,064,544</u>	<u>16,216,145</u>
Program Revenues								
Governmental Activities:								
Charges for Services					41,958			
Operating Grants and Contributions	2,121,189	1,136,618	1,110,760	834,947	1,774,891	1,820,845	2,082,668	1,349,232
Capital Grants and Contributions							65,300	
Total Governmental Activities Program Revenues	<u>2,121,189</u>	<u>1,136,618</u>	<u>1,110,760</u>	<u>834,947</u>	<u>1,816,849</u>	<u>1,820,845</u>	<u>2,147,968</u>	<u>1,349,232</u>
Business-type Activities:								
Charges for Services								
Food Service	139,838	145,775	155,207	146,315	158,762	162,545	177,448	182,651
Operating Grants and Contributions	27,516	32,784	28,659	28,768	32,383	30,714	42,811	43,860
Total Business-type Activities Program Revenues	<u>167,354</u>	<u>178,559</u>	<u>183,866</u>	<u>175,083</u>	<u>191,145</u>	<u>193,259</u>	<u>220,259</u>	<u>226,511</u>
Total District Program Revenues	<u>2,288,543</u>	<u>1,315,177</u>	<u>1,294,626</u>	<u>1,010,030</u>	<u>2,007,994</u>	<u>2,014,104</u>	<u>2,368,227</u>	<u>1,575,743</u>
Net (Expense)/Revenue								
Governmental Activities	(10,418,866)	(12,537,544)	(12,871,292)	(14,159,326)	(14,333,826)	(14,557,674)	(14,700,162)	(14,665,482)
Business-type Activities	884	(731)	(1,030)	2,180	(5,491)	(2,037)	3,846	25,080
Total District-wide Net Expense	<u>(10,417,982)</u>	<u>(12,538,275)</u>	<u>(12,872,322)</u>	<u>(14,157,146)</u>	<u>(14,339,317)</u>	<u>(14,559,711)</u>	<u>(14,696,316)</u>	<u>(14,640,402)</u>

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
CHANGES IN NET ASSETS, LAST EIGHT FISCAL YEARS
UNAUDITED
(Continued)

	Fiscal Year Ending June 30,							
	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	\$ 10,216,887	\$ 11,178,584	\$ 11,703,040	\$ 12,123,393	\$ 13,186,787	\$ 13,426,744	\$ 13,781,370	\$ 13,934,431
Taxes Levied for Debt Service	736,479	1,306,868	1,184,592	1,271,713	1,241,822	1,269,827	1,276,025	904,938
Federal and State aid not restricted	45,867	518,525	695,347	1,273,094	744,208	85,201	71,993	6,347
Tuition	5,250		12,749	34,551		4,485	43,669	7,250
Investment Earnings	18,068	33,238	63,520	53,248	80,599	27,319	8,656	
Miscellaneous Income	37,688	25,943	69,692	46,052	47,008	68,582	74,809	103,326
Defeased Bonds			(80,000)					
Disposal of Assets			(65,070)	(67,775)				
Prior Year Adjustment - Capital Lease		(151,013)						
Total Governmental Activities	<u>11,060,239</u>	<u>12,912,145</u>	<u>13,583,870</u>	<u>14,734,276</u>	<u>15,300,424</u>	<u>14,882,158</u>	<u>15,256,522</u>	<u>14,956,292</u>
Business-type Activities:								
Appraisal Adjustment							47,108	
Investment Earnings	15	14	8	10	10	12	15	10
Total Business-type Activities	<u>15</u>	<u>14</u>	<u>8</u>	<u>10</u>	<u>10</u>	<u>12</u>	<u>47,123</u>	<u>10</u>
Total District-wide	<u>11,060,254</u>	<u>12,912,159</u>	<u>13,583,878</u>	<u>14,734,286</u>	<u>15,300,434</u>	<u>14,882,170</u>	<u>15,303,645</u>	<u>14,956,302</u>
Change in Net Assets								
Governmental Activities	641,373	374,600	712,578	574,950	966,598	324,484	556,360	290,810
Business-type Activities	899	(715)	(1,022)	2,190	(5,480)	(2,025)	50,969	25,090
Total District	<u>\$ 642,272</u>	<u>\$ 373,885</u>	<u>\$ 711,556</u>	<u>\$ 577,140</u>	<u>\$ 961,118</u>	<u>\$ 322,459</u>	<u>\$ 607,329</u>	<u>\$ 315,900</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST EIGHT FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
General Fund								
Reserved/ Restricted	\$ 206,411	\$ 372,301	\$ 529,254	\$ 265,140	\$ 723,092	\$ 464,255	\$ 416,445	\$ 461,183
Assigned								24,000
Unassigned								274,759
Unreserved	<u>299,517</u>	<u>285,666</u>	<u>130,524</u>	<u>222,017</u>	<u>291,040</u>	<u>230,119</u>	<u>262,018</u>	
Total General Fund	<u>\$ 505,928</u>	<u>\$ 657,967</u>	<u>\$ 659,778</u>	<u>\$ 487,157</u>	<u>\$ 1,014,132</u>	<u>\$ 694,374</u>	<u>\$ 678,463</u>	<u>\$ 759,942</u>
All Other Governmental Funds								
Unreserved, Reported in:								
Capital Projects Fund	\$ 151,483	\$ 2,097						
Debt Service Fund		119,380	\$ 29,878	\$ 29,888	\$ 10			
Total All Other Governmental Funds	<u>\$ 151,483</u>	<u>\$ 121,477</u>	<u>\$ 29,878</u>	<u>\$ 29,888</u>	<u>\$ 10</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Total Governmental Funds	<u>\$ 657,411</u>	<u>\$ 779,444</u>	<u>\$ 689,656</u>	<u>\$ 517,045</u>	<u>\$ 1,014,142</u>	<u>\$ 694,374</u>	<u>\$ 678,463</u>	<u>\$ 759,942</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST EIGHT FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Revenues								
Tax Levy	\$ 11,518,192	\$ 12,485,452	\$ 12,887,632	\$ 13,395,106	\$ 14,428,609	\$ 14,696,571	\$ 15,057,395	\$ 14,839,369
Tuition Charges	5,250		12,749	34,551	41,958	4,485	43,669	7,250
Interest Earnings	18,068	33,238	63,520	53,248	80,599	27,319	5	11
Miscellaneous	44,171	25,942	69,693	46,052	47,007	69,153	91,159	113,963
Local Sources					9,361			
State Sources	1,419,416	1,413,868	1,593,565	1,892,002	2,278,322	1,678,282	1,785,081	1,170,365
Federal Sources	176,330	241,275	212,541	216,039	231,416	227,193	427,181	174,568
Total Revenue	<u>13,181,427</u>	<u>14,199,775</u>	<u>14,839,700</u>	<u>15,636,998</u>	<u>17,117,272</u>	<u>16,703,003</u>	<u>17,404,490</u>	<u>16,305,526</u>
Expenditures								
Instruction								
Regular Instruction	2,836,544	3,110,560	3,119,878	3,324,120	3,391,429	3,632,591	3,498,716	3,557,795
Special Education Instruction	535,883	514,444	625,964	675,767	704,247	1,013,485	1,331,108	1,208,830
Other Instruction	348,238	391,577	381,521	276,806	102,239	88,486	84,904	91,785
School Sponsored Other Instruction					100,802	108,876	107,015	81,565
Support Services:								
Tuition	3,086,721	3,849,508	3,991,022	4,087,882	4,826,546	4,889,576	4,945,958	4,358,312
Student & Other Instruction Related Services	893,260	945,373	972,421	1,079,398	1,294,867	1,251,398	1,180,687	1,173,875
General Administration Services	570,336	526,220	510,164	547,889	390,959	367,790	343,743	330,199
School Administrative Services	236,732	207,586	236,509	194,379	187,406	201,846	171,901	195,371
Central Services					224,942	235,966	242,573	225,594
Plant Operations and Maintenance	815,172	820,079	879,711	876,847	891,368	872,366	1,050,504	901,209
Student Transportation	664,358	744,298	812,781	905,136	911,414	984,084	911,157	846,898
Unallocated Benefits	1,559,444	1,579,698	1,844,502	2,389,218	2,261,145	2,015,662	2,200,810	2,312,976
Charter School	11,540	10,659						
Capital Outlay	211,565	70,872	279,363	180,462	61,111	90,808	75,300	34,700
Debt Service:								
Principal	725,000	765,000	820,000	845,000	885,000	925,000	975,000	650,000
Interest and Other Charges	576,305	541,868	455,652	426,704	386,701	344,838	301,025	254,938
Total Expenditures	<u>13,071,098</u>	<u>14,077,742</u>	<u>14,929,488</u>	<u>15,809,608</u>	<u>16,620,176</u>	<u>17,022,772</u>	<u>17,420,401</u>	<u>16,224,047</u>
Excess/(Deficit) of Revenues								
Over/(Under) Expenditures	110,330	122,033	(89,788)	(172,610)	497,097	(319,769)	(15,911)	81,479
Other Financing Sources/(Uses)								
Transfers in	2,291	119,379	3,657					
Transfers out	(2,291)	(119,379)	(3,657)					
Total Other Financing Sources/(Uses)								
Net Change in Fund Balances	<u>\$ 110,330</u>	<u>\$ 122,033</u>	<u>\$ (89,788)</u>	<u>\$ (172,610)</u>	<u>\$ 497,097</u>	<u>\$ (319,769)</u>	<u>\$ (15,911)</u>	<u>\$ 81,479</u>
Debt Service as a Percentage of								
Noncapital Expenditures	<u>10.12%</u>	<u>9.33%</u>	<u>8.71%</u>	<u>8.14%</u>	<u>7.68%</u>	<u>7.50%</u>	<u>7.36%</u>	<u>5.59%</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2002	\$ 35,890	\$ 16,982	\$ 26,958	\$ 79,830
2003	15,310	8,831	46,692	70,833
2004	15,776	5,250	37,688	58,714
2005	33,238		19,952	53,190
2006	61,961	12,749	45,790	120,500
2007	53,248	34,551	46,051	133,850
2008	80,599	41,958	47,008	169,565
2009	27,319	4,485	68,582	100,386
2010	8,656	43,669	74,809	127,134
2011	7,417	7,250	95,909	110,576

Source: School District Financial Reports

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN YEARS
UNAUDITED

<u>Year Ended</u> <u>December 31,</u>	<u>Vacant</u> <u>Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Total</u> <u>Assessed</u> <u>Value</u>	<u>Public</u> <u>Utilities</u> ^a	<u>Net Valuation</u> <u>Taxable</u>	<u>Total Direct</u> <u>School Tax</u> <u>Rate</u> ^b	<u>Estimated Actual</u> <u>(County</u> <u>Equalized Value)</u>
2002	\$ 16,753,300	\$ 1,004,117,507	\$ 286,848,885	\$ 507,904,400		\$ 1,815,624,092	\$ 7,745,673	\$ 1,823,369,765	\$ 0.599	\$ 1,761,509,615
2003	18,408,100	1,151,834,380	324,292,356	522,611,824		2,017,146,660	7,705,089	2,024,851,749	0.569	1,947,695,159
2004	16,606,000	1,149,658,380	338,870,335	528,061,924		2,033,196,639	7,524,440	2,040,721,079	0.612	2,132,188,733
2005	17,757,400	1,334,556,800	387,838,145	471,686,700		2,211,839,045	8,035,633	2,219,874,678	0.581	2,319,215,418
2006	17,850,300	1,479,391,300	439,081,900	498,289,500	\$ 420,000	2,435,033,000	7,864,955	2,442,897,955	0.548	2,496,502,481
2007	14,943,900	1,570,628,976	471,823,680	546,437,200	450,000	2,604,283,756	6,964,130	2,611,247,886	0.553	2,681,711,662
2008	14,810,200	1,558,141,100	480,274,643	603,963,600	470,000	2,657,659,543	7,529,670	2,665,189,213	0.551	2,749,451,959
2009	13,796,300	1,491,105,140	464,766,643	582,479,200	470,000	2,552,617,283	8,045,717	2,560,663,000	0.590	2,802,383,627
2010	10,477,400	1,353,854,300	428,924,529	540,558,600	895,000	2,334,709,829	7,449,309	2,342,159,138	0.634	2,742,028,931
2011	10,209,400	1,354,168,500	436,404,429	514,189,700	895,000	2,315,867,029	7,053,748	2,322,920,777	0.631	2,686,712,367

Source: 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 of assessed value.

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(Rate per \$100 of Assessed Value)

Year Ended December 31,	School District of the Township of Bedminster Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation		Township of Bedminster	County of Somerset	
		Debt Service ^b	Total Direct			
2002	\$ 0.529	\$ 0.072	\$ 0.601	\$ 0.276	\$ 0.393	\$ 1.27
2003	0.505	0.064	0.569	0.210	0.369	1.15
2004	0.548	0.064	0.612	0.303	0.384	1.30
2005	0.522	0.059	0.581	0.261	0.357	1.20
2006	0.496	0.052	0.548	0.258	0.332	1.14
2007	0.505	0.048	0.553	0.250	0.312	1.12
2008	0.504	0.048	0.552	0.251	0.310	1.11
2009	0.539	0.051	0.590	0.270	0.320	1.18
2010	0.596	0.038	0.634	0.290	0.346	1.27
2011	0.592	0.039	0.631	0.295	0.341	1.27

Source: Municipal Tax Collector and School Business Administrator

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.

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.

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2011		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Metropolitan Tower Insurance Co.	\$ 180,000,000	1	6.75%
Jaygrace Co. LLC	34,831,400	2	1.31%
BIT Holdings	28,300,000	3	1.00%
Lamington Farm Club	31,804,200	4	1.02%
Hamilton Farm Golf Club	27,316,000	5	1.06%
MRF Bedminster	26,602,000	6	1.19%
EM Associates	21,519,700	7	0.81%
Crossroads Business Center	20,088,000	8	0.72%
S/K Bedminster One LLC	19,292,000	9	0.75%
Bedminster 2 Funding	12,413,000	10	0.47%
Total	<u>\$ 402,166,300</u>		<u>15.09%</u>

Taxpayer	2002		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value

NOT AVAILABLE

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST EIGHT FISCAL YEARS
UNAUDITED

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	\$ 10,953,366	\$ 10,953,366	100.00%	\$ -0-
2005	12,485,452	12,485,452	100.00%	-0-
2006	12,887,632	12,887,632	100.00%	-0-
2007	13,395,106	13,395,106	100.00%	-0-
2008	14,428,609	14,428,609	100.00%	-0-
2009	14,696,571	14,629,580	99.54%	66,991
2010	15,057,395	15,057,395	100.00%	-0-
2011	14,839,369	14,839,369	100.00%	-0-

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

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

- a. 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 the amount voted upon or certified prior to the end of the school year.

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST SEVEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Bond Anticipation Notes (BANs)	Business-Type Activities Capital Leases	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Obligations Under Lease-Purchase Agreement	Obligations Under Lease-Purchase Agreement					
2005	\$ 10,420,000	\$ -0-	\$ 175,896	\$ -0-	\$ -0-	\$ 10,595,896	2.06%	\$ 1,279.70	
2006	9,620,000	-0-	50,338	-0-	-0-	9,670,338	1.73%	1,164.40	
2007	8,835,000	-0-	57,123	-0-	-0-	8,892,123	1.49%	1,069.28	
2008	7,950,000	-0-	-0-	-0-	-0-	7,950,000	1.31%	957.14	
2009	7,025,000	-0-	-0-	-0-	-0-	7,025,000	1.21%	837.51	
2010	6,050,000	-0-	-0-	-0-	-0-	6,050,000	1.04%	721.27	
2011	5,400,000	-0-	-0-	-0-	-0-	5,400,000	0.93%	643.78	

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

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

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

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST SEVEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation ^a Taxable	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2005	\$ 10,420,000	\$ -0-	\$ 10,420,000	0.47%	\$ 1,258.45
2006	9,620,000	-0-	9,620,000	0.39%	1,158.34
2007	8,835,000	-0-	8,835,000	0.34%	1,062.41
2008	7,950,000	-0-	7,950,000	0.30%	957.14
2009	7,025,000	-0-	7,025,000	0.26%	837.51
2010	6,050,000	-0-	6,050,000	0.24%	721.27
2011	5,400,000	-0-	5,400,000	0.23%	643.78

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

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

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2010
UNAUDITED

<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			
Township of Bedminster	\$ 6,767,848	100.00%	\$ 6,767,848
County of Somerset - Township's Share: General Obligation Debt	87,410,130	4.31%	<u>3,763,737</u>
Subtotal, Overlapping Debt			10,531,585
Township of Bedminster School District Direct Debt			<u>5,400,000</u>
Total Direct and Overlapping Debt			<u>\$ 15,931,585</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Somerset County Board of Taxation; debt outstanding data provided by each governmental unit.

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 Bedminster. This process recognizes that, when considering the District's ability to issue and repay long-term, 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 unit.

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

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION,
LAST NINE FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized valuation basis	
2008	\$ 2,782,015,642
2009	2,721,340,387
2010	<u>2,679,263,058</u>
	<u>\$ 8,182,619,087</u>

Average Equalized Valuation of Taxable Property	<u>\$ 2,727,539,696</u>
Debt Limit (3% of average equalization value)	\$ 81,826,191 ^a
Net Bonded School Debt	<u>5,400,000</u>
Legal Debt Margin	<u>\$ 76,426,191</u>

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Debt Limit	\$ 51,197,392	\$ 57,332,025	\$ 63,202,616	\$ 68,542,786	\$ 74,252,097	\$ 78,499,907	\$ 81,697,565
Total Net Debt Applicable to Limit	<u>11,910,000</u>	<u>11,185,000</u>	<u>10,420,000</u>	<u>10,500,000</u>	<u>9,660,000</u>	<u>8,835,000</u>	<u>7,025,000</u>
Legal Debt Margin	<u>\$ 39,287,392</u>	<u>\$ 46,147,025</u>	<u>\$ 52,782,616</u>	<u>\$ 58,042,786</u>	<u>\$ 64,592,097</u>	<u>\$ 69,664,907</u>	<u>\$ 74,672,565</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	23.26%	19.51%	16.49%	15.32%	13.01%	11.25%	8.60%
	2010	2011					
Debt Limit	\$ 82,169,996	\$ 81,826,191					
Total Net Debt Applicable to Limit	<u>6,050,000</u>	<u>5,400,000</u>					
Legal Debt Margin	<u>\$ 76,119,996</u>	<u>\$ 76,426,191</u>					
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	7.36%	6.60%					

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

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

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population ^a	Town of Bedminster Personal Income ^b	Somerset County Per Capita Personal Income ^c	Unemployment Rate ^d
2002	8,237	\$ 460,349,456	\$ 55,888	3.70%
2003	8,261	469,323,932	56,812	3.60%
2004	8,270	495,637,640	59,932	3.00%
2005	8,280	515,413,440	62,248	2.50%
2006	8,305	560,213,775	67,455	2.70%
2007	8,316	595,126,224	71,564	2.40%
2008	8,306	607,974,282	73,197	3.20%
2009	8,388	582,001,380	69,385	5.70%
2010	8,388 **	582,001,380 *	69,385 *	5.70%
2011	8,388 **	582,001,380 *	69,385 *	N/A

* - Latest Somerset County per capita personal income available (2009) was used for calculation purposes.

** - Latest population data available (2009) was used for calculation purposes.

N/A - Not Available

Source:

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

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
PRINCIPAL EMPLOYERS, COUNTY OF SOMERSET
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Employer	2011		Percentage of Total Employment
	Employees	Rank	
AT&T	3,000	1	N/A
Verizon Wireless	930	2	N/A
Dendrite	700	3	N/A
Fiddlers Elbow Country Club	210	4	N/A
Trump National	200	5	N/A
Falrion Technologies	200	6	N/A
Hamilton Farm	175	7	N/A
Kings	120	8	N/A
Bedminster Township Board of Education	108	9	N/A
Loral Skynet	80	10	N/A
	5,723		

Employer	2002		Percentage of Total Employment
	Employees	Rank	

NOT AVAILABLE

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM,
LAST SIX FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction						
Regular	51.5	46.7	47.7	47.5	48.5	47.1
Special Education	8.0	7.8	11.3	11.5	12.5	13.8
Other Instruction	8.0	8.5	10.0	10.0	9.8	11.0
Support Services:						
Student & Instruction Related Services	7.0	12.0	12.0	12.0	14.3	12.5
School Administrative Services	3.0	3.0	3.0	5.0	3.0	2.6
General and Business Administrative Services	2.5	2.5	2.5	2.5	2.5	2.1
Central Services	2.5	2.5	2.5	2.5	2.5	2.7
Administration Information Technology	1.0	1.0	1.0	1.5	2.0	2.9
Plant Operations and Maintenance	8.0	8.0	8.0	8.0	8.0	8.0
Pupil Transportation	1.5	1.5	1.5	1.5	1.5	1.3
Total	<u>93.0</u>	<u>93.5</u>	<u>99.5</u>	<u>102.0</u>	<u>104.6</u>	<u>104.0</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District of the Township of Bedminster Personnel Records

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
OPERATING STATISTICS
LAST EIGHT FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil^d</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2004	591	\$ 11,546,688	\$ 19,538	49.12%	58	10:1	591	567	4.23%	96.01%
2005	610	12,689,343	20,802	6.47%	59	10:1	618	588	4.57%	95.10%
2006	585	13,374,473	22,862	9.90%	61	10:1	585	563	-5.34%	96.31%
2007	582	14,357,442	24,669	7.90%	61	10:1	568	544	-2.91%	95.70%
2008	593	15,287,364	25,780	4.50%	67	9:1	593	572	4.40%	96.41%
2009	606	15,662,126	25,845	0.25%	69	9:1	606	581	2.19%	95.94%
2010	591	16,069,076	27,190	5.20%	69	9:1	593	568	-2.15%	95.78%
2011	583	15,284,409	26,217	-3.58%	67	9:1	580	557	-2.19%	96.03%

Source: District Records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d The Cost Per Pupil calculated above is the sum of the operating expenditures divided by enrollment.
This Cost Per Pupil may be different from other Cost Per Pupil calculations.

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	<u>2002</u>	<u>2003</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>District Building</u>										
<u>Elementary- PreK-8</u>										
Bedminster Township School										
Square Feet	128,000	128,000	128,000	128,000	128,000	128,000	128,000	128,000	128,000	128,000
Capacity (students)	750	750	750	750	750	750	750	750	750	750
Enrollment	594	567	591	610	585	582	593	606	593	580
Number of Schools at June 30, 2011										
Elementary = 1										
(Includes Central Office)										

Source: District Facilities Office

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
UNAUDITED

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Bedminster</u> <u>Elementary School</u>	<u>Total</u> <u>School Facilities</u>
2002	\$ 33,970	\$ 33,970
2003	132,919	132,919
2004	79,607	79,607
2005	159,107	159,107
2006	179,386	179,386
2007	255,400	255,400
2008	244,358	244,358
2009	183,390	183,390
2010	233,016	233,016
2011	216,549	216,549

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

Source: District Records

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2011
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Educational Risk Insurance Consortium - North		
(N.J. School Boards Association Insurance Group):		
Package Property & Liability Building & Contents	\$ 28,085,596	\$ 5,000
Computers - Hardware and Software	480,686	1,000
Computers - Extra Expense	Included	
Extra Expense	Included	5,000
Boiler and Machinery Property Damage	28,085,596	5,000
General Liability:		
Personal and Advertising Injury Limit	11,000,000	
Each Occurrence Limit	11,000,000	
Employee Benefit Liability:		
Each Claim	11,000,000	1,000
Aggregate	11,000,000	
E&O	11,000,000	5,000
Public Employee Blanket Bond	250,000	1,000
Official Bonds - Selective Insurance Company:		
Marilyn McClintick - Treasurer of School Moneys	200,000	
Philip J. Acosta - School Business Administrator	200,000	

Source: District's Records

SINGLE AUDIT



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report on Internal Control over Financial Reporting and
 on Compliance and Other Matters Based on an Audit of Financial Statements
 Performed in Accordance with *Government Auditing Standards*

The Honorable President and Members
 of the Board of Education
 Township of Bedminster School District
 County of Somerset, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Bedminster School District, in the County of Somerset (the "Board") as of, and for the fiscal year ended, June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey (the "Department"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board'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 Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board'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 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 Board's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control 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.

The Honorable President and Members
of the Board of Education
Township of Bedminster School District
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board'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 and Regulatory Compliance in the State of New Jersey. However, we noted certain matters that we have reported to the Board in a separate report, the *Auditors' Management Report on Administrative Findings – Financial, Compliance, and Performance*.

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

November 14, 2011
Mount Arlington, New Jersey

NISIVOCCIA LLP



John D. Cassells
Licensed Public School Accountant #0105



William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant



Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
11 Lawrence Road
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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04

The Honorable President and Members
of the Board of Education
Township of Bedminster School District
County of Somerset, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Township of Bedminster School District in the County of Somerset (the "Board") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on its major state program for the fiscal year ended June 30, 2011. The Board's major program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major state program is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board'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; audit requirements prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey (the "Department"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*; and Federal Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards, Federal OMB Circular A-133, and New Jersey's OMB Circular NJOMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major state program for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Board'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 OMB Circular A-133 and the *New Jersey State Aid/Grant Compliance Supplement*, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

The Honorable President and Members
of the Board of Education
Township of Bedminster School District
Page 2

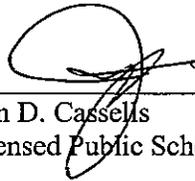
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other federal and 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.

November 14, 2011
Mount Arlington, New Jersey

NISIVOCCIA LLP



John D. Cassells
Licensed Public School Accountant #0105



William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2010				Cash Received	Budgetary Expendi- tures	Balance at June 30, 2011		
					Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor	Adjustment			Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor
U.S. Department of Agriculture:													
Passed-through State Department of Education:													
Child Nutrition Cluster:													
Food Distribution Program	10.555	N/A	7/1/10-7/1/11	\$ 8,754				\$ 8,754	\$ (7,302)		\$ 1,452		
Food Distribution Program	10.555	N/A	7/1/09-7/1/10	11,773		\$ 2,750			(2,750)				
National School Lunch Program	10.555	N/A	7/1/10-7/1/11	30,430				28,271	(30,430)	\$ (2,159)			
National School Lunch Program	10.555	N/A	7/1/09-7/1/10	28,564	\$ (3,049)			3,049					
Total Child Nutrition Cluster					(3,049)	2,750		40,074	(40,482)	(2,159)	1,452		
Total U.S. Department of Agriculture					(3,049)	2,750		40,074	(40,482)	(2,159)	1,452		
U.S. Department of Education:													
Passed-through State Department of Education:													
No Child Left Behind:													
Title I	84.010A	NCLB546511	9/1/10-8/31/11	14,619					(13,000)	(13,000)			
Title I	84.010A	NCLB546510	9/1/09-8/31/10	18,854	(18,854)		\$ 2,394	14,620		(1,840)			
Title I, Part A Disadvantage	84.010A	NCLB546502	9/1/01-8/31/02	17,925			\$ 293					\$ 293	
Subtotal - Title I					(18,854)		293	14,620	(13,000)	(14,840)		293	
Title IIA	84.367A	NCLB546511	9/1/10-8/31/11	15,366					(4,082)	(4,082)			
Title IIA	84.367A	NCLB546510	9/1/09-8/31/10	8,015	(4,245)	1,376		(3,770)	6,639				
Subtotal - Title IIA					(4,245)	1,376		(3,770)	6,639	(4,082)	(4,082)		
Title IID	84.367A	NCLB546511	9/1/10-8/31/11	28									
Title IID	84.367A	NCLB546509	9/1/09-8/31/10	83	(83)			83					
Subtotal - Title IID								83					
Title III	84.365A	NCLB546510	9/1/09-8/31/10	12,977	(11,464)	1,513		(1,513)	11,464				
Subtotal - Title III					(11,464)	1,513		11,464					
Title IV	84.188A	NCLB546510	9/1/09-8/31/10	953	(953)			953					
Subtotal - Title IV					(953)			953					
Special Education Cluster:													
I.D.E.A. Part B, Basic	84.027A	IDEA546511	9/1/10-8/31/11	180,042				126,730	(150,641)	(23,911)			
I.D.E.A. Part B, Basic	84.027A	IDEA546510	9/1/09-8/31/10	182,528	(182,528)	4,592		182,528			4,592		
I.D.E.A. Part B, Basic - ARRA	84.391	IDEA546510	7/1/09-8/31/11	206,214	(120,189)	9,031		111,158					
I.D.E.A. Part B, Basic	84.027A	IDEA546508	9/1/07-8/31/08	190,708			1,413					1,413	
I.D.E.A. Part B, Basic	84.027A	IDEA546506	9/1/05-8/31/06	159,575			112					112	
I.D.E.A. Part B, Basic	84.027A	IDEA546505	9/1/04-8/31/05	152,147			7,362					7,362	
I.D.E.A. Part B, Preschool	84.173A	IDEA546511	9/1/10-8/31/11	6,845					(6,845)	(6,845)			
I.D.E.A. Part B, Preschool	84.173A	IDEA546510	9/1/09-8/31/10	6,607	(6,607)			6,607					
I.D.E.A. Part B, Preschool - ARRA	84.392	IDEA546510	7/1/09-8/31/11	7,462	(7,462)			7,462					
I.D.E.A. Part B, Preschool	84.173A	IDEA546505	9/1/04-8/31/05	4,616			1,753					1,753	
Total Special Education Cluster					(316,786)	13,623	10,640	434,485	(157,486)	(30,756)	4,592	10,640	
Total U.S. Department of Education					(352,302)	16,512	10,933	(1,376)	468,244	(174,568)	(49,678)	4,592	10,933
Total Federal Awards					\$ (355,351)	\$ 19,262	\$ 10,933	\$ (1,376)	\$ 508,318	\$ (215,050)	\$ (51,837)	\$ 6,044	\$ 10,933

N/A - Not Available

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2010				Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2011			MEMO Cumulative Total Expenditures	
				Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor	Cash Received			GAAP Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor		
State Department of Education:														
General Fund State Aid:														
Special Education Categorical Aid	11-495-034-5120-089	7/1/10-6/30/11	\$ 242,493				\$ 219,909	\$ (242,493)					\$ (22,584)	\$ 242,493
Extraordinary Special Education Costs Aid	11-100-034-5120-473	7/1/10-6/30/11	53,803					(53,803)		\$ (53,803)			(53,803)	62,554
Reimbursed TPAF Social Security	11-495-034-5095-002	7/1/10-6/30/11	395,830				376,534	(395,830)		(19,296)			(19,296)	395,830
Reimbursement of Nonpublic School Transportation Costs	N/A	7/1/10-6/30/11	10,440					(10,440)		(10,440)			(10,440)	10,440
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	430,618	\$ (44,363)			44,363							430,618
Special Education Aid	10-495-034-5120-089	7/1/09-6/30/10	454,059	(46,755)			46,755							454,059
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	61,514	(6,347)			6,347							61,514
Extraordinary Special Education Costs Aid	10-100-034-5120-473	7/1/09-6/30/10	59,601	(59,601)			59,601							59,601
Reimbursement of Nonpublic School Transportation Costs	N/A	7/1/09-6/30/10	9,725	(9,725)			9,725							9,725
Reimbursed TPAF Social Security	10-495-034-5095-002	7/1/09-6/30/10	403,478	(20,083)			20,083							403,478
Subtotal - General Fund				(186,874)			783,317	(702,566)		(83,539)			(106,123)	2,130,312
Special Revenue Fund Aid:														
Distance Learning Network Aid	02-100-034-5120-348	7/1/01-6/30/02	36,701				\$ 1,557						\$ 1,557	
Nonpublic Auxiliary Services:														
English as a Second Language	10-100-034-5120-067	7/1/09-6/30/10	1,566				114		\$ 114					1,452
English as a Second Language	11-100-034-5120-067	7/1/10-6/30/11	5,123				5,123	(2,911)				2,212		2,911
Nonpublic Handicapped Services:														
Examination and Classification	11-100-034-5120-066	7/1/10-6/30/11	12,754				12,754	(10,411)				2,343		10,411
Examination and Classification	10-100-034-5120-066	7/1/09-6/30/10	11,149				818			818				10,331
Corrective Speech	11-100-034-5120-066	7/1/10-6/30/11	2,347				2,347	(578)				1,769		2,347
Supplementary Instruction	11-100-034-5120-066	7/1/10-6/30/11	2,362				2,362	(1,271)				1,091		1,271
Supplementary Instruction	10-100-034-5120-066	7/1/09-6/30/10	2,071				754			754				1,317
N.J. Nonpublic Textbook Aid	11-100-034-5120-064	7/1/10-6/30/11	8,072				8,072	(8,072)						8,072
N.J. Nonpublic Technology Initiative	10-100-034-5120-373	7/1/09-6/30/10	11,848				3,812					3,812		11,848
N.J. Nonpublic Nursing	11-100-034-5120-070	7/1/10-6/30/11	9,564				9,564	(9,564)						9,564
Home Instruction	11-000-034-5120-067	7/1/10-6/30/11	964					(964)		(964)			(964)	
Governor's Initiative on Autism	07-FB01-H03	4/1/07-6/30/08	300,000	(39,027)						(39,027)			(39,027)	300,000
Teacher Quality Mentoring	08-100-034-5120-053	9/1/07-8/31/08	1,985		\$ 1,985						\$ 1,985			
Teacher Quality Mentoring	06-100-034-5120-053	9/1/05-8/31/06	3,773		3,773						3,773			
Teacher Quality Mentoring	05-100-034-5120-053	9/1/04-8/31/05	960		960						960			
				(39,027)	6,718	3,243	44,034	(33,771)	1,686	(39,991)	6,718	12,784	(39,991)	359,524
Food Service Fund:														
State School Lunch Program	11-100-010-3350-023	7/1/10-6/30/11	2,408				2,221	(2,408)		(187)			(187)	2,408
State School Lunch Program	10-100-010-3350-023	7/1/09-6/30/10	2,476	(267)			267							2,476
Subtotal - Food Service Fund				(267)			2,488	(2,408)		(187)			(187)	4,884
Total NJ Department of Education				(226,168)	6,718	3,243	829,839	(738,745)	1,686	(123,717)	6,718	12,784	(146,301)	2,494,720
Total State Awards				\$ (226,168)	\$ 6,718	\$ 3,243	\$ 829,839	\$ (738,745)	\$ 1,686	\$ (123,717)	\$ 6,718	\$ 12,784	\$ (146,301)	\$ 2,494,720

N/A - Not Available

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Town of Newton School District under programs of the federal and state governments for the fiscal year ended June 30, 2011. The information in these schedules are presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net assets or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported 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 these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$74,882 for the general fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and the special revenue funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf Post Retirement Contributions revenue of \$342,997 or the \$16,149 of TPAF Non-Contributory Insurance. Revenue from federal and state awards are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,136,594	\$ 1,136,594
Special Revenue Fund	\$ 174,568	33,771	208,339
Food Service Fund	40,482	2,408	42,890
Total Awards	<u>\$ 215,050</u>	<u>\$ 1,172,773</u>	<u>\$ 1,387,823</u>

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2011.

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major state program.
- An unqualified report was issued on the District's compliance for its major state program.
- The audit did not disclose any audit findings which are required to be reported under Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.
- The District was not subject to the single audit provisions of Federal OMB Circular A-133 for the fiscal year ended June 30, 2011 as federal grant expenditures were less than the single audit threshold of \$500,000 identified in the Circular.
- The District's major state program for the current fiscal year consisted of the following:

<u>State:</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Reimbursed TPAF Social Security	11-495-034-5095-002	7/1/10-6/30/11	\$ 395,830	\$ 395,830

- The threshold for distinguishing federal and state Type A and Type B programs was \$300,000.
- The District qualified as a "low-risk" auditee under the provisions of section 530 of the Federal Circular.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The District was not subject to a Federal Single Audit as expenditures for federal awards were below the single audit threshold identified in Federal OMB Circular A-133.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular and New Jersey's OMB Circular NJOMB 04-04.

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Status of Prior Year Findings:

There were no prior year findings.