SCHOOL DISTRICT

OF

BLAIRSTOWN TOWNSHIP

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

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2012

Comprehensive Annual

Financial Report

of the

Blairstown Township School District
Board of Education
Blairstown, New Jersey
For the Fiscal Year Ending June 30, 2012

Prepared by
Blairstown Township School District
Board of Education
Finance Department

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Introductory Section

Blairstown Board of Education

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

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

October 19, 2012

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

Dear Board Members:

The comprehensive annual financial report of the Blairstown School District (District) for the fiscal year ended June 30, 2012 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels Pre-first through Six and operates a program for children with disabilities. These services include regular, as well as special education for handicapped youngsters. The District completed the 2011-2012 fiscal year with an average enrollment of 604 students. The following details the changes in the student enrollment of the District over the last five years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2006-2007	740	-2.1%
2007-2008	762	+3.0%
2008-2009	734	-3.7%
2009-2010	632	-13.9%
2010-2011	634	+0.3%
2011-2012	604	-4.7%

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

3) MAJOR INITIATIVES: Blairstown Elementary School is moving forward with the State initiative for teacher evaluation. The Charlotte Danielson/Teachscape model will be utilized. Administration has received initial training and is participating in ongoing professional development to enhance their skills and inter-rater reliability. Teaching staff have also received their initial training with follow-up online participation required.

A recent review of State assessments in Language Arts revealed a need for improvement in this area. A primary initiative was completed with the adoption and training for a Balanced Literacy approach for primary students (grades PF-3). Teachers now have a unified approach to the teaching of Reading with quality data assessments provided which allow modification of direct instruction based on individual student needs. Further review is underway for the remaining grade levels (4-6) for Reading strategies as well as an investigation into cutting-edge writing programs.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2012.

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

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

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

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

10) OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ardito & Company was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Blairstown School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,

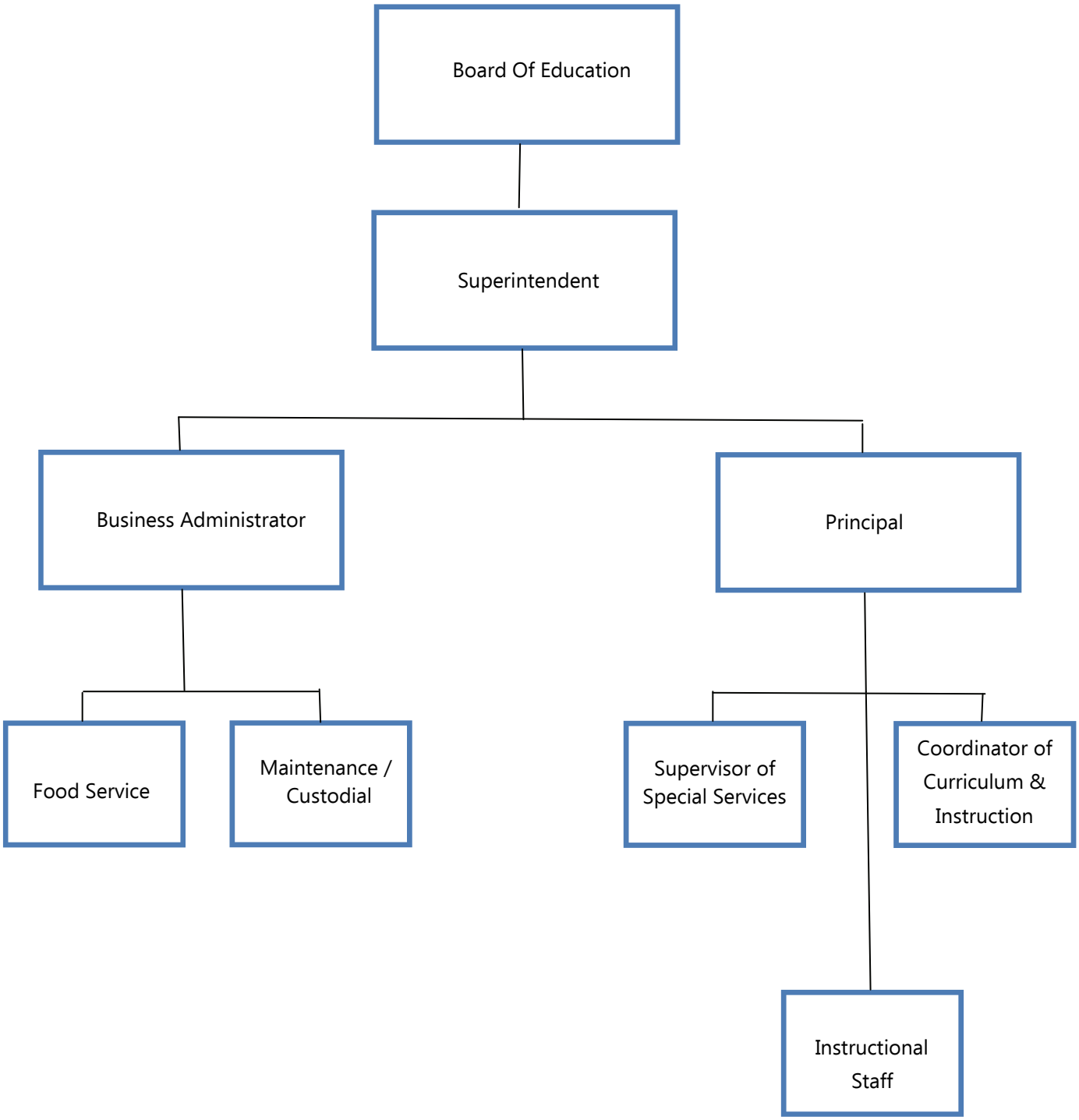
Mark Saalfield
Superintendent

Molly Petty
School Business Administrator

BLAIRSTOWN ELEMENTARY SCHOOL

P.O. Box E
One Sunset Hill Road
Blairstown, N.J. 07825

ORGANIZATIONAL CHART



BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2012

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

Other Officials

Mark Saalfield, Superintendent

Rosemary Goodman, Principal

Molly P. Petty, Business Administrator/Board Secretary

Georgette Range, Treasurer

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

ARCHITECT

Design Resources Group
371 Hoes Lane
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Anthony Ardito
1110 Harrison Street, Suite C
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Financial Section

Independent Auditor's Report

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

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Blairstown Township School District in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Blairstown Township School District Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in ***Government Auditing Standards,*** issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund, and the aggregate remaining fund information of the Blairstown Township School District Board of Education in the County of Warren, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

-Continued-

In accordance with Government Auditing Standards, we have also issued our report dated October 19, 2012, on our consideration of the Blairstown Township School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 7 through 13, and 43 through 55 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Blairstown Township School District Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by New Jersey OMB's Circular 04-04, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Licensed Public School Accountant No. 2369

Date: October 19, 2012

ARDITO & CO., LLP

Required Supplementary Information - Part I

Management's Discussion and Analysis

The discussion and analysis of Blairstown Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2012 are as follows:

- In total, net assets decreased $18,395 which represents a 0.8 percent increase from 2011.
- General revenues accounted for $6,378,302 in revenue or 67.5 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for $3,068,980 or 32.5 percent of total revenues of $9,447,282.
- Total assets of governmental activities decreased by $71,601 as cash and cash equivalents decreased by $151,684, receivables decreased by $181,509, and capital assets increased by $267,653.
- The School District had $9,428,887 in expenses; only $3,068,980 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of $6,378,302 were adequate to provide for these programs.
- Among major funds, the General Fund had $9,079,712 in revenues and $9,056,835 in expenditures. After transfers of $201,478 to the capital projects fund, the General Fund's surplus balance decreased $178,601, compared to a budgeted decrease of $275,000.

Using this Generally Accepted Accounting Principals Report (GAAP)

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

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2012?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental activities--All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

- Business-type Activity--This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

The School District as a Whole

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

Table 1 provides a summary of the School District's net assets for 2012 compared to 2011.

Table 1
Net Assets

	2012	2011
Assets		
Current and Other Assets	$ 823,378	$ 1,162,632
Capital Assets	1,583,425	1,375,336
Total Assets	2,406,803	2,537,968
Liabilities		
Long-Term Liabilities	211,860	215,572
Other Liabilities	28,268	114,552
Total Liabilities	240,128	330,124
Net Assets		
Invested in Capital Assets, Net of Debt	1,583,425	1,375,336
Restricted	590,274	676,311
Unrestricted	(7,024)	156,197
Total Net Assets	**$ 2,166,675**	**$ 2,207,844**

Total assets decreased $71,601. Cash and cash equivalents decreased by $151,684, receivables decreased by $181,509, and capital assets increased by $267,653. Cash decreased and capital assets increased due to capital projects spending, and receivables decreased due to collection of prior year federal grants.

Table 2 shows the changes in net assets from fiscal year 2011.

Table 2
Changes in Net Assets

	2012	2011
Revenues		
Program Revenues:		
Charges for Services	$ 105,450	$ 94,057
Operating Grants and Contributions	2,963,530	2,662,651
General Revenues:		
Property Taxes	6,238,000	6,242,100
Other	140,302	163,441
Total Revenues	9,447,282	9,162,249
Program Expenses		
Instruction	5,324,960	5,279,811
Support Services:		
Tuition	164,448	78,585
Pupils and Instructional Staff	1,640,246	1,314,515
General Administration, School Administration, Business	756,234	779,896
Operations and Maintenance of Facilities	795,897	732,576
Pupil Transportation	561,477	550,033
Business-Type Activities	128,915	120,893
Interest and Fiscal Charges	56,710	51,119
Total Expenses	9,428,887	8,907,428
Increase in Net Assets	**$ 18,395**	**$ 254,821**

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 66.0 percent of revenues for governmental activities for the Blairstown Township School District for the fiscal year 2012.

Instruction comprises 56.5 percent of district expenses. Support services expenses make up 41.6 percent of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2011. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	Total Cost of Services 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
Instruction	$5,324,960	$ 3,674,497	$ 5,279,811	$3,621,925
Support Services:				
Tuition	164,448	116,236	78,585	57,011
Pupils and Instructional Staff	1,640,246	1,012,239	1,314,515	923,435
General Admin., School Admin., Business	756,234	534,528	779,896	565,792
Operation and Maintenance of Facilities	795,897	562,563	732,576	531,463
Pupil Transportation	561,477	396,869	550,033	399,033
Business-Type Activities	128,915	6,265	120,893	942
Interest and Fiscal Charges	56,710	56,710	51,119	51,119
Total Expenses	**$9,428,887**	**$6,359,907**	**$8,907,428**	**$6,150,720**

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

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

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

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

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

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

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

The dependence upon tax revenues is apparent. Over 69.0 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 68.1 percent. The community, as a whole, is the primary support for the Blairstown Township School District.

The School District's Funds

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $9,324,508 and expenditures of $9,575,044. The net change in fund balance for the year was most significant in the General Fund, an decrease of $178,601 due to transfers of $201,478 to the capital projects fund. This decrease compares to a budgeted decrease of $275,000.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the fiscal 2012 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding TPAF on-behalf amount, was $8,364,317, $206,317 over original budgeted estimates of $8,158,000. This difference was due to additional state aid recieved after the annual budget was adopted, and cost sharing revenue.

The General fund revenues of the School District exceeded expenditures by $44,017 due to overachievement of budgeted revenues as noted above, however overall surplus decreased by $157,461 after net transfers of $201,478 to fund capital projects.

Capital Assets

At the end of the fiscal year 2012, the School District had $1,583,425 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2012 balances compared to 2011.

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

	2012	2011
Land	$ 500,000	$ 500,000
Land Improvements	42,068	56,765
Buildings and Improvements	913,264	670,052
Machinery and Equipment	128,093	88,955
Totals	$ 1,583,425	$ 1,315,772

Overall capital assets increased $267,653 from fiscal year 2011 to fiscal year 2012. Increases in capital assets were offset, in part, due to depreciation expenses for the year.

Capital assets purchased during fiscal year 2012 totaled $342,863.

Debt Administration

At June 30, 2012, the School District had $211,860 as long term liabilites. This amount is for compensated absences.

At June 30, 2012, the School District's overall legal debt margin was $26,996,258 and the unvoted debt margin was the same as the district has no bond/note indebtedness.

For the Future

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Molly P. Petty, School Business Administrator/Board Secretary at Blairstown Township School District, PO Box E, One Sunset Hill Road, Blairstown, NJ 07825.

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET ASSETS

JUNE 30, 2012

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents	$ 689,516	$ 2,715	$ 692,231
Receivables, Net	118,623	1,765	120,388
Interfund Receivables		7,249	7,249
Inventory		3,510	3,510
Capital Assets, Net (Note 6):	1,568,598	14,827	1,583,425
Total Assets	**2,376,737**	**30,066**	**2,406,803**
LIABILITIES			
Accounts Payable	9,261	4,894	14,155
Interfund Payable	7,249		7,249
Deferred Revenue	5,700	1,164	6,864
Noncurrent Liabilities (Note 7):			
Due Beyond One Year	211,860		211,860
Total Liabilities	**234,070**	**6,058**	**240,128**
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	1,568,598	14,827	1,583,425
Restricted for:			
Other Purposes	590,274		590,274
Unrestricted	(16,205)	9,181	(7,024)
Total Net Assets	**$ 2,142,667**	**$ 24,008**	**$ 2,166,675**

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

		PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
Functions/Programs	**EXPENSES**	**CHARGES FOR SERVICES**	**OPERATING GRANTS AND CONTRIBUTIONS**	**CAPITAL GRANTS AND CONTRIBUTIONS**	**GOVERNMENTAL ACTIVITIES**	**BUSINESS-TYPE ACTIVITIES**	**TOTAL**
Governmental Activities:							
Instruction:							
Regular	$ 3,762,055	$ 11,234	$ 1,181,031		$ (2,569,790)		$ (2,569,790)
Special Education	1,409,716	4,209	409,079		(996,428)		(996,428)
Other Special Instruction	153,189	457	44,453		(108,279)		(108,279)
Support Services:							
Tuition	164,448	491	47,721		(116,236)		(116,236)
Student & Instruction Related Services	1,640,246	4,897	623,110		(1,012,239)		(1,012,239)
School Administrative Services	219,886	657	63,808		(155,421)		(155,421)
General and Business Admin. Services	536,348	1,601	155,640		(379,107)		(379,107)
Plant Operations and Maintenance	795,897	2,376	230,958		(562,563)		(562,563)
Pupil Transportation	561,477	1,676	162,932		(396,869)		(396,869)
Other Fiscal Charges	821				(821)		(821)
Unallocated Depreciation	55,889				(55,889)		(55,889)
Total Governmental Activities	9,299,972	27,598	2,918,732		(6,353,642)		(6,353,642)
Business-Type Activities:							
Food Service	128,915	77,852	44,798			$ (6,265)	(6,265)
Total Business-Type Activities	128,915	77,852	44,798	-		(6,265)	(6,265)
Total Primary Government	**$ 9,428,887**	**$ 105,450**	**$ 2,963,530**	**$ -**	**$ (6,353,642)**	**$ (6,265)**	**$ (6,359,907)**
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes,Net					$ 6,238,000		$ 6,238,000
Investment Earnings					10,830	$ 124	10,954
Miscellaneous Income					129,348		129,348
Total General Revenues, Special Items, Extraor. Items & Transfers					6,378,178	124	6,378,302
Change in Net Assets					24,536	(6,141)	18,395
Net Assets—Beginning (as restated)					2,118,131	30,149	2,148,280
Net Assets—Ending					**$ 2,142,667**	**$ 24,008**	**$ 2,166,675**

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

FUND FINANCIAL STATEMENTS

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents	$ 621,430	$ 2,052	$ 66,034	$ 689,516
Receivables from Other Governments	89,844	3,648	25,131	118,623
TOTAL ASSETS	**$ 711,274**	**$ 5,700**	**$ 91,165**	**$ 808,139**
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	$ 9,261			$ 9,261
Interfund Payable	7,249			7,249
Deferred Revenue		$ 5,700		5,700
Total Liabilities	16,510	5,700	-	22,210
Fund Balances:				
Restricted for:				
Capital Reserve	323,522			323,522
Excess Surplus	16,752			16,752
Excess Surplus-Design. For Subseq. Yrs Expend.	51,311			51,311
Assigned to:				
Year-End Encumbrances	28,700		$ 28,428	57,128
General Fund-Designated for Subsequent Year's Expend.	198,689			198,689
Capital Fund - Undesignated			62,737	62,737
Unassigned:				
General Fund - Undesignated	75,790			75,790
Total Fund Balances	694,764		91,165	785,929
TOTAL LIABILITIES AND FUND BALANCE	**$ 711,274**	**$ 5,700**	**$ 91,165**	**$ 808,139**

Amounts reported for governmental activities in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is $3,007,591and the accumulated depreciation is $1,438,993. (see Note 6).	$1,568,598
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilties in the funds (see Note 7).	(211,860)
Net assets of governmental activities	$2,142,667

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

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Local sources:				
Local Tax Levy	$ 6,238,000			$ 6,238,000
Tuition	27,598			27,598
Miscellaneous	131,856	$ 8,322		140,178
Total - Local Sources	6,397,454	8,322		6,405,776
State Sources	2,607,284			2,607,284
Federal Sources	74,974	236,474		311,448
Total Revenues	**9,079,712**	**244,796**	**-**	**9,324,508**
EXPENDITURES				
Current:				
Regular Instruction	3,131,473	97,661		3,229,134
Special Education Instruction	1,211,990			1,211,990
Other Special Instruction	131,703			131,703
Support services and undistributed costs:				
Tuition	141,383			141,383
Student and Instruction Related Services	1,263,051	147,135		1,410,186
School Administrative Services	189,045			189,045
Other Administrative Services	456,381			456,381
Plant Operations and Maintenance	682,617			682,617
Pupil Transportation	477,055			477,055
Unallocated Benefits	1,009,173			1,009,173
Charter School	290,993			290,993
Capital Outlay	71,971		$ 273,413	345,384
Total Expenditures	**9,056,835**	**244,796**	**273,413**	**9,575,044**
Excess (Deficiency) of Revenues Over Expenditures	22,877		(273,413)	(250,536)
OTHER FINANCING SOURCES (USES)				
Transfers to Capital Projects Fund	(201,478)		201,478	
Total Other Financing Sources and Uses	(201,478)		201,478	
Net Change in Fund Balances	(178,601)	-	(71,935)	(250,536)
Fund Balance—July 1	873,365		163,100	1,036,465
Fund Balance—June 30	**$ 694,764**		**$ 91,165**	**$ 785,929**

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit B-3

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

Total Net Change in Fund Balances - Governmental Funds (from B-2)			$ (250,536)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:			
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.			
	Depreciation Expense	$ (71,503)	
	Capital Outlays	342,863	271,360
In the statement of activities, compensated absences is accrued regardless of when paid. In the governmental funds, compensated absences are reported when paid. This is the amount by which the current year's compensated absence payments exceed the current year's amount earned.			3,712
Change in Net Assets of Governmental Activities			**$ 24,536**

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET ASSETS
PROPRIETARY FUNDS

JUNE 30, 2012

	Business-Type Activities-Enterprise Funds	
	Food Service	**Totals**
ASSETS		
Current assets:		
Cash and Cash Equivalents	$ 2,715	$ 2,715
Accounts Receivable	1,765	1,765
Interfund Receivable	7,249	7,249
Inventories	3,510	3,510
Total Current Assets	**15,239**	**15,239**
Noncurrent Assets:		
Furniture, Machinery and Equipment	74,448	74,448
Less Accumulated Depreciation	(59,621)	(59,621)
Total Noncurrent Assets	**14,827**	**14,827**
Total Assets	**30,066**	**30,066**
LIABILITIES		
Current liabilities:		
Accounts Payable	4,894	4,894
Deferred Revenue	1,164	1,164
Total Current Liabilities	**6,058**	**6,058**
Total Liabilities	**6,058**	**6,058**
NET ASSETS		
Invested in Capital Assets Net of Related Debt	14,827	14,827
Unrestricted	9,181	9,181
Total Net Assets	**$ 24,008**	**$ 24,008**

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit B-5

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities-Enterprise Fund	
	Food Service	**Total Enterprise**
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	$ 76,826	$ 76,826
Daily Sales - Non-Reimbursable Programs	1,026	1,026
Miscellaneous		
Total Operating Revenues	**77,852**	**77,852**
Operating Expenses:		
Cost of Sales	59,169	59,169
Salaries	40,100	40,100
Employee Benefits	9,752	9,752
Other Purchased Professional Services	7,107	7,107
Miscellaneous	9,080	9,080
Depreciation	3,707	3,707
Total Operating Expenses	**128,915**	**128,915**
Operating Income (Loss)	(51,063)	(51,063)
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	1,531	1,531
Federal Sources:		
National School Lunch Program	33,846	33,846
Food Distribution Program	9,421	9,421
Interest Income	124	124
Total Nonoperating Revenues (Expenses)	**44,922**	**44,922**
Income (Loss)	(6,141)	(6,141)
Change in Net Assets	(6,141)	(6,141)
Total Net Assets—Beginning	30,149	30,149
Total Net Assets—Ending	**$ 24,008**	**$ 17,867**

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2012

	Business-Type Activities-Enterprise Funds	
	Food Service	**Total Enterprise**
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	$ 77,852	$ 77,852
Payments to Employees	(40,100)	(40,100)
Payments for Employee Benefits	(9,752)	(9,752)
Payments to Suppliers	(68,722)	(68,722)
Net Cash Provided by (used for) Operating Activities	(40,722)	(40,722)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	1,289	1,289
Federal Sources	27,836	27,836
Interest Income	124	124
Operating Transfers to Other Funds	13,707	13,707
Net Cash Provided by (used for) Non-Capital Financing Activities	42,956	42,956
Net Increase (Decrease) in Cash and Cash Equivalents	2,234	2,234
Balances—Beginning of Year	481	481
Balances—End of Year	**$ 2,715**	**$ 2,715**
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	$ (51,063)	$ (51,063)
Depreciation	3,707	3,707
Provided by (used for) Operating Activities:		
Federal Commodities	9,421	9,421
(Increase) Decrease in Inventories	(235)	(235)
Increase (Decrease) in Accounts Payable	(2,552)	(2,552)
Total Adjustments	10,341	10,341
Net Cash Provided by (used for) Operating Activities	**$ (40,722)**	**$ (40,722)**

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit B-7

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

JUNE 30, 2012

	Unemployment Compensation Trust	Agency Fund
ASSETS		
Cash and Cash Equivalents	$ 36,199	$ 11,952
Total Assets	**36,199**	**11,952**
LIABILITIES		
Accounts Payable		2,954
Payable to Student Groups		8,998
Total Liabilities		**$ 11,952**
NET ASSETS		
Held in Trust for Unemployment Claims & Other Purposes	**$ 36,199**	**-**

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

Exhibit B-8

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the Year Ended June 30, 2012

	Unemployment Compensation Trust
ADDITIONS	
Contributions:	
Employer	
Plan Member	$ 8,484
Total Contributions	8,484
Investment Earnings:	
Interest	479
Net Investment Earnings	479
Total Additions	**8,963**
DEDUCTIONS	
Unemployment Claims	35,106
Total Deductions	**35,106**
Change in Net Assets	(26,143)
Net Assets—Beginning of the Year	62,342
Net Assets—End of the Year	**$ 36,199**

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

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (Statement No.34). This Statement provides for the most significant change in financial reporting in over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). The District was not required to implement the new model until the 2003-2004 school year.

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, and GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The implementation of these statements had no effect on equity balances as previously reported for the fiscal year ended June 30, 2011.

A. Reporting Entity:

The Blairstown Township School District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-6. The Blairstown Township School District had an approximate enrollment at June 30, 2012, of 604 students.

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

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

Basis of Presentation

District-wide Statements: The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net assets presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

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

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

GOVERNMENTAL FUNDS (Continued)

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

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

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

PROPRIETARY FUNDS

The District reports the following proprietary fund:

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the District reports the following fund type:

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

Basis of Accounting

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

District-wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. In addition, transfers are also covered by changes in N.J.A.C. 6A:23A-2.3 that can require approval through the state department. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

D. Encumbrance Accounting:

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity:

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

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

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

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

Allowance for Uncollectible Accounts:
No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Capital Assets:
The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is $2,000.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

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

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

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

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

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

Deferred Revenue:
Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

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

Fund Balance Reserves:

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

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

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

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

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

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits:

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

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

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

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

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollarteralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2012, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2012, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents (A-1)	Cash and Cash Equivalents (B-7)	Total
Checking Accounts	$ 692,231	$ 48,151	$ 740,382
	$ 692,231	$ 48,151	$ 740,382

The carrying amount of the Board’s cash and cash equivalents at June 30, 2012, was $740,382 and the bank balance was $999,381. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, $250,000 was covered by federal depository insurances and $749,381 was covered by collateral pool.

NOTE 3: RECEIVABLES

Receivables at June 30, 2012, consisted of intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Government-Wide Financial Statements
State Aid	$ 40,001	$ 40,078
Federal Aid	74,974	76,662
Local	3,648	3,648
Gross Receivable	$ 118,623	$ 120,388
Less: Allow. for Uncollectibles		
Total Receivables, Net	$ 118,623	$ 120,388

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2012, consisted of the following:

Food	$3,510

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 5: DEFERRED BOND ISSUANCE COSTS

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

NOTE 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 500,000			$ 500,000
Total Capital Assets Not Being Depreciated	500,000			500,000
Capital Assets Being Depreciated:				
Land Improvements	296,068			296,068
Buildings and Building Improvements	1,656,064	$ 273,413		1,929,477
Machinery and Equipment	212,596	69,450		282,046
Total at Historical Cost	2,664,728	342,863		3,007,591
Less Accumulated Depreciation for:				
Land Improvements	(239,303)	(14,697)		(254,000)
Building and Improvements	(986,012)	(30,201)		(1,016,213)
Equipment	(142,175)	(26,605)		(168,780)
Total Accumulated Depreciation	(1,367,490)	(71,503)		(1,438,993)
	1,297,238	271,360		1,568,598
Government Activity Capital Assets, Net	**$ 1,297,238**	**$ 271,360**		**$ 1,568,598**

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

Depreciation expense was charged to functions as follows:

Regular Instruction	$ 3,557
School Administrative Services	4,739
Plant Operation and Maintenance	1,648
Pupil Transportation	5,670
Unallocated	55,889
Total	$ 71,503

NOTE 7: LONG-TERM OBLIGATIONS

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

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2012, are as follows:

	Balance 7/1/11	Increases	Decreases	Balance 6/30/12	Amounts Due Within One Year
Governmental Activities:					
Other Liabilities:					
Compensated Absences Payable	$215,572		($3,712)	$211,860	
Total	$215,572	-	($3,712)	$211,860	-

Compensated absences have been liquidated in the General Fund.

As of June 30, 2012, the District had no issued bonds or authorized but not issued bonds.

NOTE 8: PENSION PLANS

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

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

NOTE 8: PENSION PLANS (Continued)

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

Vesting and Benefit Provisions – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years).
Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation – Legislation enacted during the year ended June 30, 1997, (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, and to allow for a reduction in the employee’s rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets.

Contribution Requirements – The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees’ annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

NOTE 8: PENSION PLANS (Continued)

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	$84,619	100 %	$84,619
6/30/2011	$86,505	100 %	$86,505
6/30/2010	$55,432	100 %	$55,432

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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	-0-	100 %	-0-
6/30/2011	-0-	100	-0-
6/30/2010	-0-	100	-0-

During the fiscal year ended June 30, 2012, the State of New Jersey did contribute $424,774 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District $311,761 during the year ended June 30, 2012, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the District-wide financial statements, and the fund-based statements and schedules as revenues and expenditures in accordance with GASB Statement No.24.

NOTE 9: POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2011 there were 93,323 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The state is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid $144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

NOTE 9: POST-RETIREMENT BENEFITS - (Continued)

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

NOTE 10: DEFERRED COMPENSATION

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

American United Life
The Equitable

NOTE 11: COMPENSATED ABSENCES

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

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and upon retirement are reimbursed $50 per unused sick day accumulated after July 1, 2011, $45 per unused days for the next 100 days earned, and $30 for the remaining days earned, up to a maximum of 200 total unused sick days.

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2012, no liability existed for compensated absences in the proprietary fund types.

NOTE 12: RISK MANAGEMENT

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

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

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

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2011-2012	$479	$8,484	35,106	$36,199
2010-2011	$529	$7,849	$15,618	$62,342
2009-2010	$304	$8,447	$22,254	$69,582

NOTE 13: CONTINGENT LIABILITIES

GRANT PROGRAMS

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

LITIGATION

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

NOTE 14: FUND BALANCE APPROPRIATED

General Fund -(Exhibit B-1) Of the $694,764 General Fund fund balance at June 30, 2012, $28,700 is reserved for encumbrances; $68,063 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7, as amended ($51,311 of the excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2013); $198,689 has been anticipated as revenue for the year ended June 30, 2013; $323,522 is reserved for capital reserve, and $75,790 is unreserved and undesignated.

NOTE 15: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2012:

	Interfund Receivable	Interfund Payable
General Fund		$ 7,249
Food Service Fund	$ 7,249	
Total	$ 7,249	$ 7,249

The general fund owes $7,249 to the food service fund for federal and state lunch reimbursements received in the general fund, but not yet paid to the food service fund.

NOTE 17: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2012 is $16,752.

NOTE 18: RETROACTIVE RESTATEMENT OF NET ASSETS

Restatement of Prior Period:

As an ongoing process of maintaining records in accordance with GASB#34, the district conducted a physical appraisal of capital assets as of June 30, 2012. The appraisal revealed asset activity that that should be recorded as of June 30, 2011. Accordingly, a restatement of net assets as of June 30, 2011 was necessary.

Governmental Activities Net Assets:	
Net Assets (per A-1), June 30, 2011	$ 2,177,695
Restatement of Capital Assets	(59,564)
Fund balance (per A-1), June 30, 2011, as Restated	$ 2,118,131

NOTE 19: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District Board of Education on June 16, 2012, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning balance June 30, 2012	$ 350,000
Deposits (PL 2007 c.62 (A1)) - Board Resolution Date 6/21/2012	175,000
Return of Capital Reserve from Unspent Capital Projects Fund	111,522
Withdrawals: DOE Approved 11/22/2011	(313,000)
Ending balance June 30, 2012	$ 323,522

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	$ 6,238,000		$ 6,238,000	$ 6,238,000	
Tuition			-	27,598	$ 27,598
Miscellaneous	74,584		74,584	131,856	57,272
Total - Local Sources	6,312,584		6,312,584	6,397,454	84,870
State Sources:					
Equalization Aid	1,350,777	$ 15,715	1,366,492	1,366,492	
Transportation Aid		27,039	27,039	27,039	
Special Education Aid	341,175		341,175	341,175	
Security Aid	10,940	41,981	52,921	52,921	
Adjustment Aid	69,827	20,635	90,462	90,462	
Other State Aid				13,800	13,800
TPAF Pension (On-Behalf - Non-Budgeted)				424,774	424,774
TPAF Social Security (Reimbursed - Non-Budgeted)				311,761	311,761
Total State Sources	1,772,719	105,370	1,878,089	2,628,424	750,335
Federal Sources:					
Education Jobs Grant	72,697	5,277	77,974	74,974	(3,000)
Total Federal Sources	72,697	5,277	77,974	74,974	(3,000)
TOTAL REVENUES	**8,158,000**	**110,647**	**8,268,647**	**9,100,852**	**832,205**

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	242,000	(51,994)	190,006	189,088	918
Grades 1-5 - Salaries of Teachers	1,621,700	69,000	1,690,700	1,690,398	302
Grades 6-8 - Salaries of Teachers	412,000	(65,100)	346,900	346,839	61
Regular Programs - Home Instruction:					
Salaries of Teachers	2,500		2,500	2,020	480
Purchased Professional - Educational Services	3,500		3,500		3,500
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	55,500	7,300	62,800	62,762	38
Other Purchased Services (400-500 series)	65,300	58,200	123,500	123,427	73
General Supplies	212,400	23,544	235,944	227,757	8,187
Textbooks	1,000		1,000		1,000
TOTAL REG. PROGRAMS - INSTRUCTION	**2,615,900**	**40,950**	**2,656,850**	**2,642,291**	**14,559**
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of Teachers	140,300		140,300	140,290	10
Other Salaries for Instruction	30,000	(350)	29,650	29,602	48
General Supplies	1,200	650	1,850	1,192	658
Textbooks	250		250		250
Total Learning and/or Language Disabilities:	171,750	300	172,050	171,084	966
Multiple Disabilities:					
Salaries of Teachers	58,000		58,000	56,562	1,438
General Supplies	500	2,200	2,700	2,508	192
Total Multiple Disabilities	58,500	2,200	60,700	59,070	1,630
Resource Room/Resource Center:					
Salaries of Teachers	551,000	27,500	578,500	576,658	1,842
Other Salaries for Instruction	22,000	(21,000)	1,000	880	120
General Supplies	2,400	18,600	21,000	20,993	7
Textbooks	200		200		200
Total Resource Room/Resource Center	575,600	25,100	600,700	598,531	2,169

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Preschool Disabilities - Part-Time:					
Salaries of Teachers	31,400		31,400	30,927	473
Other Salaries for Instruction	10,800		10,800	3,143	7,657
Other Purhased Services (400-500 Series)		18,600	18,600	18,595	5
General Supplies	200		200		200
Total Preschool Disabilities - Part-Time	42,400	18,600	61,000	52,665	8,335
Preschool Disabilities - Full-Time:					
Salaries of Teachers	57,400	4,800	62,200	62,116	84
Other Salaries for Instruction	8,900	13,200	22,100	20,897	1,203
General Supplies	500		500		500
Total Preschool Disabilities - Full-Time	66,800	18,000	84,800	83,013	1,787
TOTAL SPECIAL ED. - INSTRUCTION	**915,050**	**64,200**	**979,250**	**964,363**	**14,887**
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	165,400	(41,000)	124,400	124,011	389
General Supplies	500		500	413	87
Textbooks	200		200		200
Total Basic Skills/Remedial - Instruction	166,100	(41,000)	125,100	124,424	676
School Sponsored Co/Extra Curricular Activities-Instruction:					
Salaries	12,600		12,600	7,279	5,321
Supplies and Materials	300		300		300
Total School Sponsored Co/Extra Curricular Activities-Instr.	12,900		12,900	7,279	5,621
TOTAL INSTRUCTION	**3,709,950**	**64,150**	**3,774,100**	**3,738,357**	**35,743**
UNDISTRIBUTED EXPENDITURES					
Instruction:					
Tuition to Other LEAs Within the State-Regular	45,915		45,915	45,915	
Tuition to Other LEAs Within the State-Special	43,978	27,300	71,278	71,162	116
Tuition - Private Schools for the Disabled Within the State	4,022	23,200	27,222	24,306	2,916
Total Instruction	93,915	50,500	144,415	141,383	3,032
Health Services:					
Salaries	86,800	500	87,300	87,260	40
Purchased Professional and Technical Services	4,000	1,200	5,200	4,529	671
Other Purchased Services (400-500 series)	200	200	400	315	85
Supplies and Materials	2,000	(200)	1,800	1,789	11
Total Health Services	93,000	1,700	94,700	93,893	807

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Other Supp. Services Students-Related Serv.:					
Salaries	189,000	800	189,800	189,799	1
Purchased Professional - Educational Services		25,500	25,500	25,406	94
Supplies and Materials	2,900	242	3,142	1,754	1,388
Total Other Supp. Serv. Students-Related Serv.	191,900	26,542	218,442	216,959	1,483
Other Supp. Services Students-Extra.Services:					
Salaries	118,200	39,900	158,100	158,093	7
Purchased Professional - Educational Services		10,650	10,650	9,414	1,236
Supplies and Materials	500		500		500
Total Other Supp. Services Students-Extra.Services	118,700	50,550	169,250	167,507	1,743
Other Supp. Services Students-Regular:					
Salaries of Other Professional Staff	62,200	900	63,100	63,050	50
Supplies and Materials	1,200	125	1,325	1,324	1
Total Other Supp. ServicesStudents-Regular	63,400	1,025	64,425	64,374	51
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	308,500	4,500	313,000	312,963	37
Salaries of Secretarial and Clerical Assistants	29,400	900	30,300	30,223	77
Purchased Professional - Educational Services	6,500	2,600	9,100	8,480	620
Supplies and Materials	9,600	(4,500)	5,100	4,990	110
Other Objects	1,000		1,000		1,000
Total Other Supp. ServicesStudents-Special	355,000	3,500	358,500	356,656	1,844
Improvement of Instuction Services:					
Salaries of Supervisor of Instruction	97,100	(13,329)	83,771	82,600	1,171
Salaries of Other Professional Staff	15,500	(15,000)	500		500
Total Improvement of Instuction Services	112,600	(28,329)	84,271	82,600	1,671
Educational Media Services/School Library:					
Salaries	52,300		52,300	51,475	825
Purchased Professional - Technical Services	2,800		2,800	829	1,971
Supplies and Materials	3,000		3,000	2,996	4
Total Educational Media Services/School Library	58,100		58,100	55,300	2,800
Instructional Staff Training Services:					
Purchased Professional - Educational Services	5,000	5,000	10,000	8,644	1,356
Other Purchased Services (400-500 series)	11,500	4,129	15,629	15,586	43
Supplies and Materials	300	(200)	100		100
Total Instructional Staff Training Services	16,800	8,929	25,729	24,230	1,499

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Supp. Services - General Administration:					
Salaries	185,350		185,350	178,725	6,625
Legal Services	12,000	(2,900)	9,100	5,636	3,464
Audit Fees	12,500		12,500	12,012	488
Other Purchased Professional Services	2,500	900	3,400	3,395	5
Communications/Telephone	31,000		31,000	24,293	6,707
Other Purchased Services (400-500 series)	30,850	2,500	33,350	33,274	76
General Supplies	5,000	23,000	28,000	6,437	21,563
BOE In-House Training/Meeting Supplies	300	(300)			
Miscellaneous Expenditures	2,000	925	2,925	2,899	26
BOE Membership Dues and Fees	5,000		5,000	4,888	112
Total Supp. Services - General Administration	286,500	24,125	310,625	271,559	39,066
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	116,200	100	116,300	116,271	29
Salaries of Secretarial and Clerical Assistants	32,300	4,300	36,600	36,521	79
Other Purchased Services (400-500 series)	350		350	349	1
Supplies and Materials	500		500	462	38
Other Objects	1,050	(100)	950	800	150
Total Support Services - School Administration	150,400	4,300	154,700	154,403	297
Central Services:					
Salaries	102,200	900	103,100	103,095	5
Purchased Technical Services	12,300	15,000	27,300	25,527	1,773
Miscellaneous Purchased Services (400-500 series)	600		600	572	28
Supplies and Materials	1,200		1,200	1,088	112
Miscellaneous Expenditures	1,100	100	1,200	1,158	42
Total Central Services	117,400	16,000	133,400	131,440	1,960
Required Maintenance for School Facilities:					
Salaries	55,900	22,500	78,400	77,782	618
Cleaning, Repair and Maintenance Services	86,779	100,679	187,458	174,869	12,589
General Supplies	13,500	19,493	32,993	32,904	89
Total Required Maintenance for School Facilities	156,179	142,672	298,851	285,555	13,296

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Other Operations and Maintenance of Plant:					
Salaries	121,400	(700)	120,700	119,901	799
Purchased Professional and Technical Services	5,000		5,000	1,717	3,283
Cleaning, Repair and Maintenance Services	31,000		31,000	23,903	7,097
Rental of Land & Bldg. Oth. Than Lease Purch Agreement	6,000		6,000	6,000	
Other Purchased Property Services	250		250	108	142
Insurance	46,000	9,000	55,000	54,896	104
Miscellaneous Purchased Services	1,000	(200)	800	534	266
General Supplies	22,500	15,928	38,428	38,399	29
Energy (Natural Gas)	3,100	900	4,000	3,904	96
Energy (Electricity)	100,000	(18,300)	81,700	79,667	2,033
Energy (Oil)	105,000	(62,500)	42,500	40,290	2,210
Total Other Operations and Maintenance of Plant	441,250	(55,872)	385,378	369,319	16,059
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	8,500		8,500	5,340	3,160
Total Care and Upkeep of Grounds:	8,500		8,500	5,340	3,160
Student Transportation Services					
Salaries for Pupil Transpor.(Between Home & School)-Regular	41,100	1,300	42,400	42,383	17
Salaries for Pupil Transpor.(Between Home & School)-Special	20,350	1,200	21,550	21,496	54
Management Fee - ESC & CTSA Trans. Program	500		500		500
Other Purchased Professional - Technical Services	550		550	150	400
Cleaning, Repair and Maintenance Services	5,000	(2,500)	2,500	2,422	78
Contracted Services - Aid in Lieu of Payments-Nonpublic Sch.	22,000	(4,000)	18,000	17,738	262
Contracted Services (Between Home and Sch.)-Vendors	362,211	(67,500)	294,711	294,699	12
Contract Services (Other than Between Home & School)-Vendors		10,000	10,000	6,824	3,176
Contracted Services (Special Education Students)-Vendors	25,000	52,000	77,000	71,095	5,905
Supplies and Materials	4,500	4,700	9,200	9,122	78
Total Student Transportation Services	481,211	(4,800)	476,411	465,929	10,482

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
ALLOCATED BENEFITS					
Regular Programs-Instruction:					
Health Benefits	719,734	(178,200)	541,534	489,182	52,352
Total Regular Programs-Instruction	719,734	(178,200)	541,534	489,182	52,352
Special Programs-Instruction:					
Health Benefits	304,060	(56,000)	248,060	247,627	433
Other Employee Benefits					
Total Special Programs-Instruction	304,060	(56,000)	248,060	247,627	433
Health Services:					
Health Benefits	27,825	(1,700)	26,125	23,558	2,567
Other Support Services-Students-Related Services:					
Health Benefits	60,703	(6,000)	54,703	51,249	3,454
Other Support Services-Students-Regular:					
Health Benefits	20,361	(1,025)	19,336	17,074	2,262
Total Other Support Services-Students-Regular	20,361	(1,025)	19,336	17,074	2,262
Other Support Services-Students-Special:					
Health Benefits	106,690	(17,000)	89,690	81,528	8,162
Total Other Support Services-Students-Special	106,690	(17,000)	89,690	81,528	8,162
Improvement of Instuction Services:					
Health Benefits	35,720	(11,000)	24,720	23,333	1,387
Total Improvement of Instuction Services	35,720	(11,000)	24,720	23,333	1,387
Educational Media Services/School Library:					
Health Benefits	16,886		16,886	4,790	12,096
Total Educational Media Services/School Library	16,886		16,886	4,790	12,096
Support Services - General Administration					
Health Benefits	56,066		56,066	47,114	8,952
Total Support Services - General Administration	56,066		56,066	47,114	8,952
Support Services - School Administration:					
Health Benefits	41,079	(4,300)	36,779	34,642	2,137
Total Support Services - School Administration	41,079	(4,300)	36,779	34,642	2,137
Central Services:					
Health Benefits	5,000	1,300	6,300	6,268	32
Total Central Services	5,000	1,300	6,300	6,268	32

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Operation and Maintenance of Plant Services:					
Health Benefits	29,243	(5,800)	23,443	22,403	1,040
Total Operation and Maintenance of Plant Services	29,243	(5,800)	23,443	22,403	1,040
Student Transportation Services:					
Health Benefits	13,433	(2,300)	11,133	11,126	7
Total Student Transportation Services	13,433	(2,300)	11,133	11,126	7
TOTAL ALLOCATED BENEFITS	**1,436,800**	**(282,025)**	**1,154,775**	**1,059,894**	**94,881**
UNALLOCATED BENEFITS					
Social Security Contributions	81,600	13,706	95,306	95,240	66
Other Retirement Contributions-Regular	95,000		95,000	84,619	10,381
Workmen's Compensation	48,825	(3,400)	45,425	45,402	23
Tuition Reimbursement	20,000	4,000	24,000	23,985	15
Other Employee Benefits	29,700	2,500	32,200	23,392	8,808
TOTAL UNALLOCATED BENEFITS	275,125	16,806	291,931	272,638	19,293
On-behalf TPAF pension Contrib. (non-budgeted)				424,774	(424,774)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				311,761	(311,761)
TOTAL ON-BEHALF CONTRIBUTIONS				736,535	(736,535)
TOTAL PERSONAL SERV.-EMPLOYEE BENEFITS	1,711,925	(265,219)	1,446,706	2,069,067	(622,361)
TOTAL UNDISTRIBUTED EXPENDITURES	**4,456,780**	**(24,377)**	**4,432,403**	**4,955,514**	**(523,111)**
TOTAL GENERAL CURRENT EXPENSE	**8,166,730**	**39,773**	**8,206,503**	**8,693,871**	**(487,368)**
CAPITAL OUTLAY					
Equipment:					
Instructional Equipment	3,000		3,000	2,276	724
Total Equipment	3,000		3,000	2,276	724

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Facilities Acquisition and Construction Services					
Architectural/Engineering Services		23,000	23,000		23,000
Other Purchased Professional and Technical Services		500	500	245	255
Construction Services		82,370	82,370	69,450	12,920
Other Objects	821		821		821
Total Facilities Acquisition and Construction Services	821	105,870	106,691	69,695	36,996
TOTAL CAPITAL OUTLAY	**3,821**	**105,870**	**109,691**	**71,971**	**37,720**
Transfer of Funds to Charter Schools	262,449	28,544	290,993	290,993	
TOTAL EXPENDITURES	**8,433,000**	**174,187**	**8,607,187**	**9,056,835**	**(449,648)**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(275,000)	(63,540)	(338,540)	44,017	382,557
Other Financing Sources:					
Operating Transfer In/(Out):					
Transfer - Capital Projects Fund				111,522	(111,522)
Transfer - Capital Projects Fund		(313,000)	(313,000)	(313,000)	
Total Other Financing Sources:		(313,000)	(313,000)	(201,478)	(111,522)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(275,000)	(376,540)	(651,540)	(157,461)	271,035
Fund Balance, July 1	1,039,953		1,039,953	1,039,953	
Fund Balance, June 30	**$ 764,953**	**$ (376,540)**	**$ 388,413**	**$ 882,492**	**$ 271,035**

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Recapitulation:					
Restricted for:					
Capital Reserve				323,522	
Excess Surplus				16,752	
Excess Surplus - Designated for Subsequent Year's Expenditures				51,311	
Assigned to:					
Year-End Encumbrances				28,700	
Designated for Subsequent Year's Expenditures				198,689	
Unassigned:					
Unrestricted Fund Balance				263,518	
Fund Balance per Governmental Funds(Budgetary Basis)				882,492	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				(187,728)	
Fund Balance per Governmental Funds(GAAP Basis)				$ 694,764	

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

Exhibit C-1b

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

APPROPRIATIONS COMBINING SCHEDLUE - FUNDS 11 AND 18

EDUCATION JOBS GRANT - FUND 18

GENERAL FUND

Fiscal Year Ended June 30, 2012

Line	Description	Account #	Fund 11/12/13 Approps	Fund 18 Approps	Schedule C-1 Total General Fund Approps
	Undist. Expend.-Custodial Services				
6750	Salaries of Supervisors of Instruction	11-000-221-102	18,629	63,971	82,600
12620	Social Security Contributions	11-000-291-220	84,237	11,003	95,240
TOTAL EXPENDITURES			102,866	74,974	177,840

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources	$ 3,292	$ 10,730	$ 14,022	$ 8,322	$ (5,700)
Federal Sources	192,373	44,101	236,474	236,474	
Total Revenues	**195,665**	**54,831**	**250,496**	**244,796**	**(5,700)**
EXPENDITURES:					
Instruction					
Salaries of Teachers	46,773	12,639	59,412	58,176	1,236
Tuition	148,892	(111,710)	37,182	35,832	1,350
General Supplies		6,767	6,767	3,653	3,114
Total Instruction	195,665	(92,304)	103,361	97,661	5,700
Support Services					
Salaries of Other Professional Staff		117,938	117,938	117,938	
Personal Services - Employee Benefits		18,197	18,197	18,197	
Purchased Professional and Technical Services		3,000	3,000	3,000	
Supplies and Materials		8,000	8,000	8,000	
Total Support Services	-	147,135	147,135	147,135	
Total Expenditures	**195,665**	**54,831**	**250,496**	**244,796**	**5,700**
Total Outflows	**195,665**	**54,831**	**250,496**	**244,796**	**5,700**
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					

Fund Balance per Governmental Funds(Budgetary Basis)	None
Reconciliation to Governmental Funds Statement(GAAP Basis):	
Last State Aid Payment not recognized on GAAP basis	None
Fund Balance per Governmental Funds(GAAP Basis)	None

Exhibit C-3

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended June 30, 2012

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	$ 9,100,852	$ 244,796
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	-
Current Year Encumbrances	N/A	-
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	166,588	N/A
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	(187,728)	N/A
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	$ 9,079,712	$ 244,796
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	$ 9,056,835	$ 244,796
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for *budgetary* purposes, but in the year the supplies are received for *financial reporting* purposes.		
Prior Year Encumbrances	N/A	-
Current Year Encumbrances	N/A	-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	N/A	N/A
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	$ 9,056,835	$ 244,796

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND
DETAIL STATEMENTS

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit E-1

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

For the Fiscal Year Ended June 30, 2012

	Title I Part A	Title I I Part A	IDEA Basic	IDEA Preschool	Local Municipal Alliance	Totals
REVENUES						
Local Sources					$ 8,322	$ 8,322
Federal Sources	$45,094	$ 20,419	$ 157,555	$ 13,406		236,474
TOTAL REVENUES	**45,094**	**20,419**	**157,555**	**13,406**	**8,322**	**244,796**
EXPENDITURES:						
Instruction:						
Salaries of Teachers	36,770	16,569			4,837	58,176
Purchased Profess. & Tech. Serv.						-
Tuition			35,000		832	35,832
General Supplies			1,000		2,653	3,653
Total Instruction	36,770	16,569	36,000	-	8,322	97,661
Support Services:						
Salaries of Other Professional Staff			105,485	12,453		117,938
Personal Services-Employee Bene.	6,324	2,850	8,070	953		18,197
Purchased Profess. & Tech Svcs	2,000	1,000				3,000
Purchased Profess. Educ. Svcs						-
Other Purchased Services						-
Supplies & Materials			8,000			8,000
Total Support Services	8,324	3,850	121,555	13,406	-	147,135
TOTAL EXPENDITURES	**45,094**	**20,419**	**157,555**	**13,406**	**8,322**	**244,796**
Total Outflows	**45,094**	**20,419**	**157,555**	**13,406**	**8,322**	**244,796**
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)						

CAPITAL PROJECTS FUND
DETAIL STATEMENTS

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit F-1

CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES

For the Fiscal Year Ended June 30, 2012

		Original	Revised	Expenditures to Date		Unexpended
	Date	Appropriations	Appropriations	Prior Years	Current Year	Balance June 30, 2012
Roof Project - Board Share	10-6-2011	$ 91,500	$ 81,207		$ 81,207	
Underground Tank Removal and Replacement - Board Share	10-6-2011	221,500	221,500		192,206	$ 29,294
HVAC, ADA Upgrades, Window Replacement, Asbestos Flooring Replacement, Stair Tread Replacement	5-14-2009					
- State Share		539,304	125,495	$ 71,111		54,384
- Board of Education		808,955	195,730	188,243	-	7,487
Totals		$ 1,348,259	$ 321,225	$ 259,354	$ 273,413	$ 91,165
					Fund Balance, June 30, 2012	$ 91,165

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit F-2

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

For the Fiscal Year Ended June 30, 2012

Revenues and Other Financing Sources	
Transfer from capital reserve	$ 313,000
Transfer to capital reserve	(111,522)
Total Revenues	201,478
Expenditures and Other Financing Uses	
Construction Services	243,866
Purchased Professional Services	29,547
Total Expenditures	273,413
Excess(deficiency) of revenues over(under) expenditures	(71,935)
Fund Balance - Beginning	$ 163,100
Fund Balance - Ending	$ 91,165

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit F-2a

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

From Inception and for the Fiscal Year Ended June 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Costs
Revenues and Other Financing Sources				
State Sources - SDA Grant	$ 125,495		$ 125,495	$ 125,495
Transfer from capital reserve	296,959	$ (101,229)	195,730	195,730
Total Revenues	422,454	(101,229)	321,225	321,225
Expenditures and Other Financing Sources				
Construction Services	$ 253,688		$ 253,688	$ 315,559
Purchased Professional Services	5,666		5,666	5,666
Total Expenditures	259,354	-	259,354	321,225
Excess(deficiency) of revenues over(under) expenditures	$ 163,100	$ (101,229)	$ 61,871	
		Project Fund Balance, 6/30/12	$ 61,871	

Additional project information:

Project Number	SP#0400-030-09-1001
Grant Date	5/14/2009
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	$1,348,259
Additional Authorized Cost	-$1,027,034
Revised Authorized Cost	$321,225
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	81%
Original Target Completion Date	6/30/2010
Revised Target Completion Date	6/30/2012

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit F-2b

CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-BUDGETARY BASIS
ROOF PROJECT

From Inception and for the Fiscal Year Ended June 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Costs
Revenues and Other Financing Sources				
Transfer from capital reserve		$ 91,500	$ 91,500	$ 81,207
Transfer to capital reserve		(10,293)	(10,293)	
Total Revenues	-	81,207	81,207	81,207
Expenditures and Other Financing Sources				
Construction Services		$ 72,721	$ 72,721	$ 72,721
Purchased Professional Services		8,486	8,486	8,486
Total Expenditures	-	81,207	81,207	81,207
Excess(deficiency) of revenues over(under) expenditures			$ -	
Project Fund Balance, 6/30/12			$ -	

Additional project information:

Project Number	N/A
Board Authorization Date	10/6/2011
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	$91,500
Additional Authorized Cost	-$10,293
Revised Authorized Cost	$81,207
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100%
Original Target Completion Date	6/30/2012
Revised Target Completion Date	6/30/2012

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit F-2c

CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-BUDGETARY BASIS
REMOVE AND REPLACE UNDERGROUND STORAGE TANKS

From Inception and for the Fiscal Year Ended June 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Costs
Revenues and Other Financing Sources				
Transfer from capital reserve		$ 221,500	$ 221,500	$ 221,500
Transfer to capital reserve			-	
Total Revenues	-	221,500	221,500	221,500
Expenditures and Other Financing Sources				
Construction Services		$ 171,145	$ 171,145	$ 196,500
Purchased Professional Services		21,061	21,061	25,000
Total Expenditures	-	192,206	192,206	221,500
Excess(deficiency) of revenues over(under) expenditures			$ 29,294	
Project Fund Balance, 6/30/12			$ 29,294	

Additional project information:

Project Number	N/A
Board Authorization Date	10/6/2011
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	$221,500
Additional Authorized Cost	
Revised Authorized Cost	$221,500
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100%
Original Target Completion Date	6/30/2012
Revised Target Completion Date	6/30/2012

PROPRIETARY FUND
DETAIL STATEMENTS

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

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

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

FIDUCIARY FUND
DETAIL STATEMENTS

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

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

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

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

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	UNEMPLOYMENT COMPENSATION INSURANCE TRUST	AGENCY FUNDS STUDENT ACTIVITY	AGENCY FUNDS PAYROLL AGENCY	TOTALS
ASSETS:				
Cash and Cash Equivalents	$36,199	$ 8,998	$ 2,954	$ 48,151
TOTAL ASSETS	**36,199**	**8,998**	**2,954**	**48,151**
LIABILITIES:				
Liabilities:				
Accounts Payable			2,954	2,954
Payable to Student Groups		8,998		8,998
Total Liabilities		8,998	2,954	11,952
NET ASSETS				
Held in Trust for Unemployment Claims and Other Purposes	36,199			36,199
TOTAL LIABILITIES AND NET ASSETS	**$36,199**	**$ 8,998**	**$ 2,954**	**$ 48,151**

Exhibit H-2

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012

	UNEMPLOYMENT COMPENSATION INSURANCE TRUST	TOTALS
ADDITIONS		
Contributions:		
Employer		
Plan Member	$ 8,484	$ 8,484
Total Contributions	8,484	8,484
Investment Earnings:		
Interest	479	479
Net Investment Earnings	479	479
Total Additions	**8,963**	**8,963**
DEDUCTIONS		
Unemployment Claims	35,106	35,106
Total Deductions	**35,106**	**35,106**
Change in Net Assets	(26,143)	(26,143)
Net Assets—Beginning of the Year	62,342	62,342
Net Assets—End of the Year	**$ 36,199**	**$ 36,199**

Exhibit H-3

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
STUDENT ACTIVITY AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

ACTIVITY	BALANCE JULY 1, 2011	TRANSFERS	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2012
Class Activities	$ 8,035		$ 20,316	$ 19,353	$ 8,998
Totals	**$ 8,035**	**-**	**$ 20,316**	**$ 19,353**	**$ 8,998**

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	BALANCE JULY 1, 2011	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2012
ASSETS:				
Cash and Cash Equivalents	$ 1,005	$ 5,711,471	$ 5,709,522	$ 2,954
Total Assets	$ 1,005	$ 5,711,471	$ 5,709,522	$ 2,954
LIABILITIES:				
Payroll Deductions and Withholdings		$ 2,211,734	$ 2,211,734	-
Accrued Net Payroll		3,497,788	3,497,788	-
Accounts Payable	$ 1,005	1,949		$ 2,954
Total Liabilities	$ 1,005	$ 5,711,471	$ 5,709,522	$ 2,954

LONG-TERM DEBT SCHEDULES

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

N/A

Blairstown Township School District
Statistical Section

Contents **Page**

Financial Trends (J-1 thru J-5) 66-71
These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.

Revenue Capacity (J-6 thru J-9) 72-78
These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

Debt Capacity (J-10 thru J-13) 79-82
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.

Demographic and Economic Information (J-14 and J-15) 83-84
These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

Operating Information (J-16 thru J-20) 85-89
These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

Sources:

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

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

Exhibit J-1

(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities									
Invested in capital assets, net of related debt	$ 1,119,829	$ 1,627,206	$ 1,426,171	$ 1,463,853	$ 1,496,099	$ 1,496,454	$ 1,694,639	$ 1,356,802	$ 1,568,598
Restricted	23,253	71,729	128,652	244,588	289,997	555,868	372,258	676,311	590,274
Unrestricted	262,230	(82,222)	(68,689)	(128,811)	165,751	31,601	149,829	144,582	(16,205)
Total governmental activities net assets	$ 1,405,312	$ 1,616,713	$ 1,486,134	$ 1,579,630	$ 1,951,847	$ 2,083,923	$ 2,216,726	$ 2,177,695	$ 2,142,667
Business-type activities									
Invested in capital assets, net of related debt	$ 7,116	$ 5,177	$ 3,236	$ 1,297	-	$ 25,948	$ 22,241	$ 18,534	$ 14,827
Restricted									-
Unrestricted	2,288	2,215	2,320	4,709	$ 5,424	7,448	8,842	11,615	9,181
Total business-type activities net assets	$ 9,404	$ 7,392	$ 5,556	$ 6,006	$ 5,424	$ 33,396	$ 31,083	$ 30,149	$ 24,008
District-wide									
Invested in capital assets, net of related debt	$ 1,126,945	$ 1,632,383	$ 1,429,407	$ 1,465,150	$ 1,496,099	$ 1,522,402	$ 1,716,880	$ 1,375,336	$ 1,583,425
Restricted	23,253	71,729	128,652	244,588	289,997	555,868	372,258	676,311	590,274
Unrestricted	264,518	(80,007)	(66,369)	(124,102)	171,175	39,049	158,671	156,197	(7,024)
Total district net assets	$ 1,414,716	$ 1,624,105	$ 1,491,690	$ 1,585,636	$ 1,957,271	$ 2,117,319	$ 2,247,809	$ 2,207,844	$ 2,166,675

Source: CAFR Scehdule A-1

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

Exhibit J-2

	Fiscal Year Ending June 30,									
School administrative services	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities										
Instruction										
Regular	**N/A**	$ 3,370,600	$ 3,900,393	$ 3,593,223	$ 4,017,690	$ 4,096,290	$ 4,199,640	$ 4,434,790	$ 3,850,889	$ 3,762,055
Special education		984,190	968,568	1,236,726	1,089,833	1,114,014	1,241,410	1,242,276	1,292,245	1,409,716
Other special education		260,093	268,662	243,916	261,714	256,931	254,691	203,929	136,677	153,189
Support Services:										
Tuition		18,495	24,353	19,199	3,491	24,230	102,105	72,863	78,585	164,448
Student & instruction related services		1,213,214	1,091,730	1,229,655	1,305,358	1,335,195	1,214,859	1,382,647	1,314,515	1,640,246
School administrative services		191,679	206,089	195,029	211,828	212,372	208,749	208,883	232,409	219,886
General administrative services		299,685	368,808	389,570	460,135	470,048	545,828	518,487	547,487	536,348
Plant operations and maintenance		506,070	592,477	566,260	650,723	686,894	689,982	653,025	732,576	795,897
Pupil transportation		252,842	250,931	275,132	325,687	338,850	386,703	569,972	550,033	561,477
Other Support Services		97,072	107,438							
Non-Budgeted Contributions										
Charter Schools										
Interest on long-term debt		52,769	55,157	55,157	4,020	-	-	-	-	
Unallocated depreciation	-				55,156	55,156	55,156	55,156	51,119	55,889
Total governmental activities expenses	-	7,246,709	7,834,606	7,803,867	8,385,635	8,589,980	8,899,123	9,342,028	8,786,535	9,299,151
Business-type activities:										
Food service		147,979	156,467	154,391	155,651	155,183	124,629	118,739	120,893	128,915
Child Care										
Total business-type activities expense	-	147,979	156,467	154,391	155,651	155,183	124,629	118,739	120,893	128,915
Total district expenses		$ 7,394,688	$ 7,991,073	$ 7,958,258	$ 8,541,286	$ 8,745,163	$ 9,023,752	$ 9,460,767	$ 8,907,428	$ 9,428,066
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (Tuition)		$ 1,388,828	$ 1,403,661	$ 1,386,431	$ 1,569,633	$ 1,671,311	$ 1,601,125	$ 3,808	$ 14,155	$ 27,598
Business and other support services										
Operating grants and contributions		$ 639,774	$ 951,470	$ 632,054	$ 2,530,624	$ 2,661,511	$ 2,390,947	$ 3,190,181	$ 2,622,602	2,918,732
Capital grants and contributions										-
Total governmental activities program revenues	-	2,028,602	2,355,131	2,018,485	4,100,257	4,332,822	3,992,072	3,193,989	2,636,757	2,946,330
Business-type activities:										
Charges for services										
Food service		107,507	104,549	103,126	102,366	100,863	88,564	78,651	79,902	77,852
Child care	-									
Operating grants and contributions		28,251	29,240	28,421	33,944	34,935	38,052	37,741	40,049	44,798
Capital grants and contributions	-						25,948	-	-	-
Total business type activities program revenues	-	135,758	133,789	131,547	136,310	135,798	152,564	116,392	119,951	122,650
Total district program revenues		$ 2,164,360	$ 2,488,920	$ 2,150,032	$ 4,236,567	$ 4,468,620	$ 4,144,636	$ 3,310,381	$ 2,756,708	$ 3,068,980
Net (Expense)/Revenue										
Governmental activities		$ (5,218,107)	$ (5,479,475)	$ (5,785,382)	$ (4,285,378)	$ (4,257,158)	$ (4,907,051)	$ (6,148,039)	$ (6,149,778)	$ (6,352,821)
Business-type activities	-	(12,221)	(22,678)	(22,844)	(19,341)	(19,385)	27,935	(2,347)	(942)	(6,265)
Total district-wide net expense		$ (5,230,328)	$ (5,502,153)	$ (5,808,226)	$ (4,304,719)	$ (4,276,543)	$ (4,879,116)	$ (6,150,386)	$ (6,150,720)	$ (6,359,086)

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

Exhibit J-2

School administrative services	2003	2004	2005	2006	Fiscal Year Ending June 30, 2007	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net		$ 3,839,550	$ 3,910,355	$ 4,162,083	$ 4,302,865	$ 4,555,030	$ 4,636,549	$ 6,002,019	$ 6,242,100	$ 6,238,000
Taxes levied for debt service										
Restricted grants and contributions		1,385,669	1,172,463	1,652,678	-	-	267,397	125,495		
Other Aid		4,150	4,143	3,754	-	-	-	-	-	-
Investment earnings		3,305	4,174	8,454	24,438	21,517	11,714	3,584	10,321	10,830
Miscellaneous income		6,068	335	136,264	71,332	71,597	123,467	149,744	153,112	129,348
Transfers	-	(17,334)	(20,646)	(38,164)	-	-	-	-	-	-
Total governmental activities	-	5,221,408	5,070,824	5,925,069	4,398,635	4,648,144	5,039,127	6,280,842	6,405,533	6,378,178
Business-type activities:										
Investment earnings	-	51	18	25	29	34	37	34	8	124
Transfers	-	17,334	20,646	20,964	-	-	-	-	-	-
Total business-type activities	-	17,385	20,664	20,989	29	34	37	34	8	124
Total district-wide		$ 5,238,793	$ 5,091,488	$ 5,946,058	$ 4,398,664	$ 4,648,178	$ 5,039,164	$ 6,280,876	$ 6,405,541	$ 6,378,302
Change in Net Assets										
Governmental activities		$ 3,301	$ (408,651)	$ 139,687	$ 113,257	$ 390,986	$ 132,076	$ 132,803	$ 255,755	$ 25,357
Business-type activities	-	5,164	(2,014)	(1,855)	(19,312)	(19,351)	27,972	(2,313)	(934)	(6,141)
Total district	$ -	$ 8,465	$ (410,665)	$ 137,832	$ 93,945	$ 371,635	$ 160,048	$ 130,490	$ 254,821	$ 19,216

Source: CAFR Schedule A-2

Blairstown Township School District
Fund Balances, Governmental Funds,
Last Nine Fiscal Years
(modified accrual basis of accounting)

Exhibit J-3

	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund									
Reserved	$ 27,448	$ 71,729	$ 10,779	$ 245,952	$ 426,066	$ 665,958	$ 434,835	$ 739,850	$ 618,974
Unreserved	416,738	361,830	304,306	194,664	190,577	99,637	64,057	133,515	75,790
Total general fund	$ 444,186	$ 433,559	$ 315,085	$ 440,616	$ 616,643	$ 765,595	$ 498,892	$ 873,365	$ 694,764
All Other Governmental Funds									
Reserved									-
Unreserved, reported in:									
Special revenue fund									-
Capital projects fund			$ 117,874				$ 163,100	$ 163,100	$ 62,737
Debt service fund									
Trust and agency fund		-	-	-	-	-	-	-	
Total all other governmental funds	$ -	-	$ 117,874	-	-	-	$ 163,100	$ 163,100	$ 62,737

Source: CAFR Schedule B-1

Blairstown Township School District **Exhibit J-4**
Changes in Fund Balances, Governmental Funds,
Last Nine Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues									
Tax levy	$ 3,839,550	$ 3,910,355	$ 4,162,083	$ 4,302,865	$ 4,555,030	$ 4,636,549	$ 6,002,019	$ 6,242,100	$ 6,238,000
Tuition charges	1,388,828	1,403,660	1,386,431	1,569,633	1,671,311	1,601,125	3,808	14,155	27,598
Miscellaneous	13,559	8,652	148,472	95,770	93,114	135,181	153,328	163,433	140,178
State sources	1,733,422	1,805,372	2,003,445	2,182,636	2,333,352	2,125,925	2,635,155	2,383,967	2,607,284
Federal sources	292,022	318,560	281,288	347,988	328,159	265,022	680,521	238,635	311,448
Total revenue	7,267,381	7,446,599	7,981,719	8,498,892	8,980,966	8,763,802	9,474,831	9,042,290	9,324,508
Expenditures									
Instruction									
Regular Instruction	2,491,752	2,508,805	3,180,943	3,479,457	3,593,472	3,726,231	3,900,705	3,335,151	3,229,134
Special education instruction	735,271	902,399	1,096,145	944,321	977,759	1,102,134	1,099,253	1,120,847	1,211,990
Other special instruction	194,228	194,752	216,391	226,771	225,506	226,117	180,451	118,549	131,703
Other instruction									-
Support Services:									
Tuition	18,495	24,353	19,199	3,025	21,266	90,650	64,474	68,162	141,383
Student & instruction related services	970,142	815,213	1,072,347	1,131,070	1,171,887	1,078,562	1,223,463	1,140,163	1,410,186
General administrative services	148,149	147,567	173,092	369,366	392,637	464,671	438,874	470,131	456,381
School administrative services	228,951	240,754	358,965	183,545	186,397	185,329	184,834	201,583	189,045
Plant operations and maintenance	423,976	484,825	543,826	558,382	597,422	607,114	572,384	633,762	682,617
Pupil transportation	252,342	269,473	274,306	281,375	296,578	342,491	503,524	471,409	477,055
Other Support Services	75,469	81,380							
Unallocated employee benefits	1,475,215	1,602,543	798,260	1,123,606	1,145,215	862,205	875,013	847,938	1,009,173
Charter Schools	289,965	68,878	58,289	36,280	62,624	112,782	232,406	235,027	290,993
Capital Outlay		95,638	270,266	16,402	115,407	83,961	303,053	25,095	345,384
Debt service:									
Principal									#REF!
Interest and other charges									#REF!
Total expenditures	7,303,955	7,436,580	8,062,029	8,353,600	8,786,170	8,882,247	9,578,434	8,667,817	#REF!
Excess (Deficiency) of revenues over (under) expenditures	(36,574)	10,019	(80,310)	145,292	194,796	(118,445)	(103,603)	374,473	#REF!
Other Financing Sources (uses)									
Note Proceeds			117,874						
Other	(36)		(57)						
Transfers in			173,000			267,397	296,959		
Transfers out	(17,334)	(20,646)	(211,107)	(19,761)	(18,769)		(296,959)		
Total other financing sources (uses)	(17,370)	(20,646)	79,710	(19,761)	(18,769)	267,397	-	-	-
Net change in fund balances	$ (53,944)	$ (10,627)	$ (600)	$ 125,531	$ 176,027	$ 148,952	$ (103,603)	$ 374,473	#REF!
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	#REF!

Source: CAFR Schedule B-2

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST NINE FISCAL YEARS
UNAUDITED

Exhibit J-5

Fiscal Year Ended June 30,	Interest on Investments	Refund Prior Year Expenditures	Cost Share	Tuition	Miscellaneous	Total
2004	$ 3,305	$ 230		$ 1,388,828	$ 5,874	$ 1,398,237
2005	4,174			1,403,661	335	1,408,170
2006	8,454			1,386,431	118,895	1,513,780
2007	24,438	825	$ 61,604	1,569,633	5,445	1,661,945
2008	21,517	222		1,671,311	66,826	1,759,876
2009	11,714	15,086	68,580	1,601,125	34,854	1,731,359
2010	3,584	45,236	72,058	3,808	28,392	153,078
2011	10,321	12,852	90,600	14,155	39,386	167,314
2012	10,830	264	78,340	27,598	42,422	159,454

SOURCE: District Records

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

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities **a**	Net Valuation Taxable	Total Direct School Tax Rate **b**	Estimated Actual (County Equalized Value)
2005	$8,969,150	$354,936,500	$44,593,600	$2,328,262	$35,698,525	$6,845,900	-	$509,509,703	$54,196,195	$1,941,571	$455,313,508	$0.833	$617,008,129
2006	8,851,850	357,848,500	45,794,100	2,214,789	38,780,125	6,845,900	-	519,626,461	57,571,820	1,719,377	462,054,641	$0.902	700,816,547
2007	9,373,550	358,634,694	48,486,200	2,107,600	41,050,750	6,845,900	-	524,834,152	56,895,595	1,439,863	467,938,557	$0.920	700,816,547
2008	26,456,500	687,372,600	94,238,400	2,120,200	80,708,800	16,024,600	-	1,025,509,073	116,145,542	2,442,431	909,363,531	$0.501	893,383,234
2009	25,805,300	694,003,300	93,679,000	2,071,225	79,884,700	15,768,000	-	1,031,656,704	118,011,242	2,433,937	913,645,462	$0.507	961,480,469
2010	31,650,900	695,382,800	95,476,000	2,055,325	74,764,000	8,300,300	-	1,030,112,649	120,340,142	2,143,182	909,772,507	$0.520	944,965,252
2011	30,691,900	694,723,800	97,834,200	2,064,325	73,815,850	8,300,300	-	1,032,598,182	122,932,042	2,235,765	909,666,140	$0.537	920,100,839
2012	19,587,700	558,981,200	75,042,600	2,097,700	63,314,000	7,525,200	-	825,492,860	96,699,303	2,245,157	728,793,557	$0.657	870,135,402

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per $100

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

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities **a**	Net Valuation Taxable	Total Direct School Tax Rate **b**	Estimated Actual (County Equalized Value)
2002	$7,748,900	$75,661,000	$20,044,000	$987,100	$1,385,400	$523,600	-	$140,569,826	$33,410,320	$809,506	$107,159,506	$0.856	$120,490,958
2003	9,105,800	100,503,500	26,612,800	1,096,900	1,506,200	627,000	-	185,398,061	45,051,100	894,761	140,346,961	0.825	129,765,116
2004	8,193,200	103,134,900	28,238,300	1,086,200	1,506,200	627,000	-	188,478,516	45,118,700	574,016	143,359,816	0.809	148,986,482
2005	8,228,700	104,392,100	29,720,800	1,148,600	1,506,200	627,000	-	191,268,067	45,118,700	525,967	146,149,367	0.948	169,301,396
2006	7,246,100	107,392,600	31,035,800	1,093,600	1,506,200	627,000	-	195,297,690	45,950,600	445,790	149,347,090	0.958	195,059,295
2007	7,008,700	108,637,000	32,495,200	1,074,150	1,506,200	627,000	-	197,703,048	45,976,800	377,998	151,726,248	0.909	214,452,259
2008	6,877,000	110,028,500	33,737,400	1,056,100	1,506,200	627,000	-	200,788,726	46,633,300	323,226	154,155,426	0.849	235,659,901
2009	6,259,400	110,940,300	35,353,200	1,055,300	1,506,200	627,000	-	203,139,974	47,093,500	305,074	156,046,474	0.808	254,599,556
2010	5,583,000	111,826,700	36,823,000	1,027,200	1,533,800	627,000	-	226,476,500	68,766,400	289,400	157,710,100	0.862	245,506,935
2012	5,406,700	110,585,150	38,832,800	1,067,100	839,400	627,000	-	226,584,341	68,822,600	403,591	157,761,741	0.916	226,265,738

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per $100

Blairstown Township School District **Exhibit J-7**

Direct and Overlapping Property Tax Rates - **Blairstown Township**

Last Ten Fiscal Years

(rate per $100 of assessed value)

Fiscal Year Ended June 30,	Blairstown Township Board of Education						
	Basic Rate [a]	General Obligation Debt Service [b]	Total Direct	North Warren Regional School District	Blairstown Township	Warren County	Total Direct and Overlapping Tax Rate
2003	$0.735	-0-	$0.735	$0.733	$0.021	$0.811	$2.300
2004	$0.798	-0-	$0.798	$0.808	$0.020	$0.814	$2.440
2005	$0.833	-0-	$0.833	$0.882	$0.040	$0.905	$2.660
2006	$0.902	-0-	$0.902	$0.951	$0.040	$0.977	$2.870
2007	$0.920	-0-	$0.920	$0.968	$0.040	$1.062	$2.990
2008	$0.501	-0-	$0.501	$0.512	$0.035	$0.602	$1.650
2009	$0.507	-0-	$0.507	$0.507	$0.035	$0.639	$1.688
2010	$0.520	-0-	$0.520	$0.541	$0.035	$0.626	$1.722
2011	$0.537	-0-	$0.537	$0.576	$0.035	$0.619	$1.767
2012	$0.657	-0-	$0.657	$0.713	$0.035	$0.758	$2.163

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

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

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

Blairstown Township School District **Exhibit J-7**
Direct and Overlapping Property Tax Rates - **Hardwick Township**
Last Ten Fiscal Years

(rate per $100 of assessed value)

Fiscal Year Ended June 30,	Blairstown Township Board of Education				Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate [a]		General Obligation Debt Service [b]	Total Direct	Hardwick Township	North Warren Regional School District	Warren County	
2003	$0.856		-0-	$0.856	$0.148	$0.617	$0.659	$2.280
2004	$0.825		-0-	$0.825	$0.166	$0.658	$0.701	$2.350
2005	$0.809		-0-	$0.809	$0.183	$0.716	$0.772	$2.480
2006	$0.948		-0-	$0.948	$0.182	$0.840	$0.840	$2.810
2007	$0.958		-0-	$0.958	$0.195	$0.890	$0.887	$2.930
2008	$0.909		-0-	$0.909	$0.184	$0.902	$0.935	$2.930
2009	$0.849		-0-	$0.849	$0.203	$0.894	$0.992	$2.938
2010	$0.808	*	-0-	$0.808	$0.209	$0.805	$0.946	$2.768
2011	$0.862	*	-0-	$0.862	$0.245	$0.786	$0.904	$2.797
2012	$0.916	*	-0-	$0.916	$0.232	$0.684	$0.913	$2.745

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

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to

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

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

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

Exhibit J-8

	2012			2002		
Taxpayer	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Public Service Gas & Electric	$ 9,194,500	1	1.26%	2,078,500	2	0.71%
Blairstown Realty Associates, LLC	8,826,700	2	1.21%			
JD Air, Inc.	2,865,700	3	0.39%			
Blair Academy	2,724,301	4	0.37%	1,360,600	6	0.46%
First National Bank of Hope	2,707,100	5	0.37%			
Rite Aid	2,486,200	6	0.34%			
Grater, LLC	2,250,900	7	0.31%			
Embarq	2,245,157	8	0.31%	1,392,400	5	0.47%
Individual Taxpayer #1	2,011,700	9	0.28%	1,265,446	7	0.43%
Individual Taxpayer #2	2,027,229	10	0.28%	789,900	10	0.27%
Great Atlantic & Pacific Co.				6,592,000	1	2.24%
Jersey Central Power & Light				2,078,500	3	0.71%
Blair Air				1,613,000	4	0.55%
Woodborne Lane				1,070,000	8	0.36%
JMS Associates				800,000	9	0.27%
Total	$ 37,339,487		5.12%	$ 19,040,346		6.47%

Source: District CAFR & Municipal Tax Assessor

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

Exhibit J-8

Taxpayer	2012 Taxable Assessed Value	2012 Rank [Optional]	2012 % of Total District Net Assessed Value	2002 Taxable Assessed Value	2002 Rank [Optional]	2002 % of Total District Net Assessed Value
TI Properties I LLC	$ 11,482,000	1	7.28%			
845 Frelinghuysen LLC	1,783,800	2	1.13%			
Individual Taxpayer #1	1,412,100	3	0.90%	859,400	2	0.65%
Individual Taxpayer #2	1,306,100	4	0.83%	612,500	6	0.46%
Individual Taxpayer #3	1,116,300	5	0.71%	519,000	7	0.39%
Individual Taxpayer #4	988,800	6	0.63%			
Weidner Family Partnership LP	928,800	7	0.59%			
Individual Taxpayer #5	856,300	8	0.54%	802,700	3	0.60%
Individual Taxpayer #6	813,300	9	0.52%	462,900	9	0.35%
Individual Taxpayer #7	811,300	10	0.51%	424,600	10	0.32%
Westbrook Realty				969,000	1	0.73%
Terra Co., LLC				735,300	4	0.55%
Homestead Farm Assoc., LLC				671,900	5	0.51%
United Telephone Co. of NJ., Inc.				502,692	8	0.38%
Total	$ 21,498,800		13.63%	$ 6,559,992		4.94%

Source: District CAFR & Municipal Tax Assessor

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

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	$3,839,550	$3,839,550	100.00%	-
2005	$3,910,355	$3,910,355	100.00%	-
2006	$4,162,083	$4,162,083	100.00%	-
2007	$4,302,865	$4,302,865	100.00%	-
2008	$4,555,030	$4,555,030	100.00%	-
2009	$4,636,549	$4,636,549	100.00%	-
2010	$6,002,019	$6,002,019	100.00%	-
2011	$6,242,100	$6,242,100	100.00%	-
2012	$6,238,000	$6,238,000	100.00%	-

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

Note:

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

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

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities			
	General Obligation Bonds [b]	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	Percentage of Personal Income [a]	Per Capita [a]
2004	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2005	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2006	-0-	-0-	$ 117,874	-0-	$ 117,874	0.04%	$15.70
2007	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2008	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2009	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2010	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2011	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2012	-0-	-0-	-0-	-0-	-0-	-0-	-0-

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

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

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

b Includes Early Retirement Incentive Plan (ERIP) refunding

Blairstown Township School District **Exhibit J-11**
Ratios of Net General Bonded Debt Outstanding
Last Nine Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding: Bond Anticipation Notes (BANs)	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value [a] of Property	Per Capita [b]
2004	-0-	-0-	-0-	-0-	-0-
2005	-0-	-0-	-0-	-0-	-0-
2006	$ 117,874	-0-	$ 117,874	0.03%	$ 15.70
2007	-0-	-0-	-0-	-0-	-0-
2008	-0-	-0-	-0-	-0-	-0-
2009	-0-	-0-	-0-	-0-	-0-
2010	-0-	-0-	-0-	-0-	-0-
2011	-0-	-0-	-0-	-0-	-0-
2012	-0-	-0-	-0-	-0-	-0-

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.
a See Exhibit NJ J-6 for property tax data.
b Population data can be found in Exhibit NJ J-14.

R Revised
* Current data unavailable

Blairstown Township School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2012

Exhibit J-12

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [a]	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Blairstown Township	$ 2,603,802	100.000%	$ 2,603,802
Hardwick Township	566,316	100.000%	566,316
North Warren Regional School District	-	0.000%	-
Other debt			
Warren County (Includes apportionment for Blairstown and Hardwick Townships)	8,760,000	8.551%	749,078
Subtotal, overlapping debt			3,919,196
Blairstown School District Direct Debt			-
Total direct and overlapping debt			$ 3,919,196

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

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

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

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

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2012

Equalized valuation basis		
2009		1,148,779,484
2010		1,088,739,273
2011		1,002,032,200
	[A]	$ 3,239,550,957
Average equalized valuation of taxable property	**[A/3]**	$ 1,079,850,319
Debt limit (2 1/2 % of average equalization value)	**[B]**	26,996,258
Net bonded school debt	**[C]**	-
Legal debt margin	**[B-C]**	$ 26,996,258

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010 *	2011 *	2012 *
Debt limit	$13,498,914	$15,177,769	$17,242,123	$19,506,730	$21,721,072	$23,098,152	$29,489,866	$28,534,756	$ 26,996,258
Total net debt applicable to limit									-
Legal debt margin	$13,498,914	$15,177,769	$17,242,123	$19,506,730	$21,721,072	$23,098,152	$29,489,866	$28,534,756	$26,996,258
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

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

Blairstown Township School District **Exhibit J-14**
Demographic and Economic Statistics
Last Nine Fiscal Years

Year	Population [a]	Personal Income (thousands of dollars) [b]	Per Capita Personal Income [c]	Unemployment Rate [d]
2004	7,518	$ 267,723,498	$35,611 R	2.7%
2005	7,527	$ 278,069,961	$36,943 R	4.3%
2006	7,510	$ 296,584,920	$39,492 R	4.6%
2007	7,515	$ 314,607,960	$41,864 R	4.2%
2008	7,546	$ 330,718,542	$43,827 R	5.6%
2009	7,560	$ 325,616,760	$43,071 R	9.3%
2010	7,545	$ 333,360,735	$44,183 P	9.5%
2011	7,662	$ 338,530,146	$44,183 *	8.8%
2012	7,638	$ 337,469,754	$44,183 *	*

Source:
[a] Population information provided by the NJ Dept of Labor and Workforce Development; Includes Blairstown and Hardwick Townships
[b] Personal income provided by US Dept Commerce
[c] Per Capita provided by NJ Dept of Labor
[d] Unemployment data provided by the NJ Dept of Labor and Workforce Development

R =Revised
* Current data unavailable

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

Exhibit J-15
N/A

	2012			2003		
Employer	**Employees**	**Rank (Optional)**	**Percentage of Total Employment**	**Employees**	**Rank (Optional)**	**Percentage of Total Employment**
		1	0.00%	-		0.00%
		2	0.00%	-		0.00%
		3	0.00%	-		0.00%
		4	0.00%	-		0.00%
		5	0.00%	-		0.00%
		6	0.00%	-		0.00%
		7	0.00%	-		0.00%
		8	0.00%	-		0.00%
		9	0.00%	-		0.00%
		10	0.00%	-		0.00%
	-			-		0.00%
	-			-		0.00%
	-			-		0.00%
	-		0.00%	-		0.00%

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

Blairstown Township School District **Exhibit J-16**
Full-time Equivalent District Employees by Function/Program,
Last Nine Fiscal Years

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012
Instruction									
Regular	41.5	41.0	40.5	40.5	38.0	42.0	36.2	36.0	37.1
Special education	10.5	9.0	9.0	9.6	12.0	11.0	10.5	10.5	11.5
Other instruction	7.5	9.5	8.5	8.5	8.0	6.5	3.8	5.0	8.0
Support Services:									
Tuition									
Student & instruction related services	27.0	26.0	24.0	30.0	37.6	28.0	37.0	28.7	27.0
General administrative services	5.5	6.5	6.0	6.0	2.0	2.0	2.0	2.0	2.0
School administrative services	1.0	1.0	1.0	1.0	3.0	3.0	3.0	2.5	2.2
Business adminsitrative services	1.0	1.0	1.0	1.0	1.4	1.5	1.5	1.5	1.5
Plant operations and maintenance	5.0	5.5	5.5	5.5	5.5	5.2	5.2	4.4	4.3
Pupil transportation	1.0	1.0	2.0	2.0	1.0	1.2	1.2	1.5	1.8
Total	100.0	100.5	97.5	104.1	108.5	100.4	100.4	92.1	95.3

Source: District Personnel Records

Blairstown Township School District
Operating Statistics
Last Nine Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures [a]	Cost Per Pupil	Percentage Change	Teaching Staff [b]	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE) [c]	Average Daily Attendance (ADA) [c]	% Change in Average Daily Enrollment	Student Attendance Percentage
2004	771	$ 6,715,778	$ 8,710	0.01%	109	11.6:1	754.0	721.8	1.99%	95.7%
2005	746	$ 7,016,681	$ 9,406	7.98%	107	12.7:1	752.0	718.4	-0.27%	95.5%
2006	756	$ 7,504,486	$ 9,927	5.54%	99	12.6:1	741.5	708.6	-1.40%	95.6%
2007	744	$ 8,300,918	$ 11,157	12.40%	61	12.2:1	740.0	704.3	-0.20%	95.2%
2008	763	$ 8,608,139	$ 11,282	1.12%	61	12.5:1	755.7	718.3	2.12%	95.1%
2009	734	$ 8,685,504	$ 11,833	4.89%	61	12.0:1	701.7	673.7	-7.15%	96.0%
2010	632	$ 9,042,975	$ 14,309	20.92%	61	10.4:1	631.8	605.2	-9.96%	95.8%
2011	634	$ 8,407,695	$ 13,261	12.07%	57	11.1:1	637.1	604.6	0.84%	94.9%
2012	604	$ 8,938,667	$ 14,799	3.43%	56	10.8:1	598.8	570.3	-6.01%	95.2%

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

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
b Teaching staff includes only full-time equivalents of certificated staff. Prior to 2011, amount include aides.
c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS)

Blairstown Township School District
School Building Information
Last Nine Fiscal Years

Exhibit J-18

District Building	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Elementary									
Blairstown Elementary (1929)									
Square Feet	78,762	78,762	78,762	78,762	78,762	78,762	78,762	78,762	78,762
Capacity (students)	510.0	510.0	510.0	510.0	510.0	510.0	510.0	510.0	510.0
Enrollment	760.0	764.0	756.0	744.0	763.0	734.0	632.0	634.0	604.0

Number of Schools at June 30, 2012

Elementary = 1

Source: District records, ASSA

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
Last Nine Fiscal Years Ending June 30, 2012

Exhibit J-19

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

School Facilities	Project #	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
Blairstown Elementary	040	$70,480	$97,611	$52,718	$96,108	$63,005	$92,066	$130,221	$186,450	$285,555	$1,074,214
Total School Facilities		**70,480**	**97,611**	**52,718**	**96,108**	**63,005**	**92,066**	**130,221**	**186,450**	**285,555**	**220,809**
Other Facilities											
Grand Total		**$70,480**	**$97,611**	**$52,718**	**$96,108**	**$63,005**	**$92,066**	**$130,221**	**$186,450**	**$285,555**	**$1,074,214**

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

INSURANCE SCHEDULE
JUNE 30, 2012
UNAUDITED

Exhibit J-20

POLICY TYPE	COVERAGE	DEDUCTIBLE
SCHOOL PACKAGE POLICY - NJSBAIG		
*Property-Blanket Building and Contents	$ 500,000,000	$ 1,000
Comprehensive General Liability	11,000,000	
Comprehensive Automobile Liability	11,000,000	1,000
Comprehensive Crime Coverage	100,000	1,000
SCHOOL BOARD LEGAL LIABILITY - NJSBAIG		
Directors and Officers Policy	11,000,000	5,000
PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE		
BLANKET POSITION BOND - Selective Insurance		
Board Administrator	25,000	
Treasurer	200,000	

* New Jersey School Boards Association Insurance Group (NJSBAIG)

SOURCE: District Records

Single Audit Section

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Anthony F. Ardito, PA, RMA, PSA

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

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

We have audited the financial statements of the Board of Education of the Blairstown Township School District in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated October 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Blairstown Township School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Blairstown Township School District Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Blairstown Township School District Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Blairstown Township School District Board of Education's internal control over financial reporting.

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

-Continued-

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

Compliance and Other Matters

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

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

Licensed Public School Accountant No.2369

Date: October 19, 2012

ARDITO & CO., LLP

ARDITO & CO., LLP

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

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

Compliance

We have audited the compliance of the Blairstown Township School District in the County of Warren, State of New Jersey, with the types of compliance requirements described in the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2012. The Blairstown Township School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Blairstown Township School District Board of Education's management. Our responsibility is to express an opinion on the Blairstown Township School District Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circular 04-04, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***. Those standards, and New Jersey OMB Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred.

An audit includes examining, on a test basis, evidence about the Blairstown Township School District Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Blairstown Township School District Board of Education's compliance with those requirements.

-Continued-

In our opinion the Board of Education of the Blairstown Township School District, in the County of Warren, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2012.

Internal Control Over Compliance

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

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

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

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

Licensed Public School Accountant No.2369

Date: October 19, 2012

ARDITO & CO., LLP

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2012

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2011	CARRY-OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2012 (ACCTS. RECEIV.)	INTERFUND PAYABLE/ DEFER. REVENUE	DUE TO GRANTOR	MEMO BUDGETARY RECEIVABLE	MEMO CUMULATIVE TOTAL EXPEND.
State Department of Education														
General Fund														
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	$ 1,366,492			$ 1,366,492	$ (1,366,492)						$ 136,590	$ 1,366,492
Transportation Aid	12-495-034-5120-014	7/1/11-6/30/12	27,039			27,039	(27,039)						2,703	27,039
Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	341,175			341,175	(341,175)						34,103	341,175
Security Aid	12-495-034-5120-084	7/1/11-6/30/12	52,921			52,921	(52,921)						5,290	52,921
Adjustment Aid	12-495-034-5120-085	7/1/11-6/30/12	90,462			90,462	(90,462)						9,042	90,462
Extraordinary Aid	12-495-034-5120-044	7/1/11-6/30/12	9,186				(9,186)			$ (9,186)				9,186
Extraordinary Aid	11-495-034-5120-044	7/1/10-6/30/11		$ (46,348)		46,348								-
Non-Public Transportation Aid	12-100-034-5120-068	7/1/11-6/30/12	4,332				(4,332)			(4,332)				4,332
Non-Public Transportation Aid	11-100-034-5120-068	7/1/10-6/30/11		(3,755)		3,755								-
Anti-Bullying Aid	N/A	7/1/11-6/30/12	282			282	(282)							282
On-behalf TPAF Pension Contrib.	12-495-034-5095-001	7/1/11-6/30/12	424,774			424,774	(424,774)							424,774
Reimb. TPAF Soc.Secur.Contrib.	12-495-034-5095-002	7/1/11-6/30/12	311,761	-		310,409	(311,761)			(1,352)				311,761
Total General Fund				**(50,103)**		**2,663,657**	**(2,628,424)**			**(14,870)**			**187,728**	**2,628,424**
Capital Projects Fund:														
SDA Grant - HVAC/Stair/ADA Door Lock	SP#0400-030-09-0ZJR	7/1/09-6/30/10	125,495	(125,495)		100,364				(25,131)				
Total Capital Projects Fund				(125,495)	-	100,364	-	-	-	(25,131)	-	-	-	-
State Department of Agriculture														
Enterprise Fund:														
Nat.School Lunch Prog.(State Share)	12-100-034-5120-122	7/1/11-6/30/12		(147)		147								
Nat.School Lunch Prog.(State Share)	11-100-034-5120-122	7/1/10-6/30/11	1,531			1,454	(1,531)			(77)				1,531
Total Enterprise Fund				**(147)**		**1,601**	**(1,531)**			**(77)**				**1,531**
Total State Financial Assistance				**$ (175,745)**	**-**	**$ 2,765,622**	**$ (2,629,955)**	**-**	**-**	**$ (40,078)**	**-**	**-**	**$ 187,728**	**$ 2,629,955**

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

NOTES TO THE SCHEDULES OF FEDERAL AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2012

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying federal and state schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is ($21,140) for the general fund and $-0- for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF FEDERAL AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2012

NOTE 3. (Continued)

	Federal	State	Total
General Fund	$ 74,974	$ 2,607,284	$ 2,682,258
Special Revenue Fund	236,474	-	236,474
Food Service Fund	43,267	1,531	44,798
Total Financial Assistance	$ 354,715	$ 2,608,815	$ 2,963,530

NOTE 4. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Part I - Summary of Auditor's Results

Financial Statement Section

A) Type of auditor's report issued: Unqualified

B) Internal control over financial reporting:
1) Material weakness(es) identified? ___Yes_x_No
2) Were significant deficiencies identified that were not considered to be material weaknesses? ___Yes _x_None Reported

C) Noncompliance material to financial statements noted? ___Yes_x_No

Federal Awards Section **N/A**

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

E) Auditee qualified as low-risk auditee? ___Yes __No

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

G) Internal Control over compliance:
1) Material weakness(es) identified? ___Yes __No
2) Were significant deficiencies identified that were not considered to be material weaknesses? ___Yes __No

H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133(Section .510(a))? ___Yes __No

I) Identification of major programs:

CFDA NUMBER(S)	NAME OF FEDERAL PROGRAM OR CLUSTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Part I - Summary of Auditor's Results

State Financial Assistance Section

J) Dollar threshold used to determine Type A programs: $300,000

K) Auditee qualified as low-risk auditee? (1) _x_yes__no

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

M) Internal Control over compliance:
1) Material weakness(es) identified? ___yes_x_no
2) Were significant deficiencies identified that were not considered to be material weaknesses? ___yes_x_none reported

N) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04? __yes_x__no

O) Identification of major programs:

GMIS Number(s)	Name of State Program
12-495-034-5120-078	Equalization Aid
12-495-034-5095-002	Reimb. TPAF Soc. Sec.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Section II-Financial Statement Findings

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

Section III - State Financial Assistance Findings and Questioned Costs

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

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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