

**BEDMINSTER TOWNSHIP  
SCHOOL DISTRICT**

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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2013**

**Comprehensive Annual  
Financial Report**

**of the**

**Bedminster Township School District  
Board of Education**

**Bedminster, New Jersey**

**For the Fiscal Year Ended June 30, 2013**

**Prepared by**

**Bedminster Township School District  
Board of Education**

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2013

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal .....	1
Organizational Chart.....	6
Roster of Officials .....	7
Consultants and Advisors .....	8

FINANCIAL SECTION .....

Independent Auditors' Report .....

Required Supplementary Information .....	13
Management's Discussion and Analysis (Unaudited) .....	14

Basic Financial Statements (Sections A and B) .....

A. District-Wide Financial Statements .....	24
A-1 Statement of Net Position.....	25
A-2 Statement of Activities .....	26
B. Fund Financial Statements.....	28
B-1 Balance Sheet – Governmental Funds.....	29
B-2 Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds.....	30
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	31
B-4 Statement of Net Position – Proprietary Funds .....	32
B-5 Statement of Revenue, Expenses and Changes in Fund Net Assets – Proprietary Funds .....	33
B-6 Statement of Cash Flows – Proprietary Funds .....	34
B-7 Statement of Fiduciary Net Position – Fiduciary Funds .....	35
B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	36

Notes to the Basic Financial Statements.....

Supplementary Schedules (C.-I.)

C. Budgetary Comparison Schedules .....	57
C-1 Budgetary Comparison Schedule – General Fund (Unaudited).....	58
C-2 Budgetary Comparison Schedule - Special Revenue Fund (Unaudited).....	68
C-3 Budgetary Comparison Schedule – Note to RSI (Unaudited).....	69
D. School Level Schedules (Not Applicable) .....	71
E. Special Revenue Fund.....	72
E-1 Combining Schedule of Program Revenue and Expenditures - Special Revenue Fund – Budgetary Basis .....	73
E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis (Not Applicable)	

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2013  
 (Continued)

FINANCIAL SECTION (Cont'd)

F. Capital Projects Fund (Not Applicable).....	75
G. Proprietary Funds (Enterprise Fund).....	76
G-1 Statement of Net Position.....	77
G-2 Statement of Revenue, Expenses and Changes in Fund Net Position .....	78
G-3 Statement of Cash Flows.....	79
H. Fiduciary Funds.....	80
H-1 Combining Statement of Net Position.....	81
H-2 Statement of Changes in Fiduciary Net Position.....	82
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements.....	83
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements.....	84
I. Long-Term Debt .....	85
I-1 Schedule of Serial Bonds .....	86
I-2 Schedule of Obligations Under Capital Leases (Not Applicable)	
I-3 Debt Service Fund Budgetary Comparison Schedule (Unaudited).....	87

STATISTICAL SECTION (Unaudited)

J. Statistical Section (Unaudited).....	88
J-1 Net Position by Component .....	89
J-2 Changes in Net Position .....	90
J-3 Fund Balances - Governmental Funds .....	92
J-4 Changes in Fund Balances - Governmental Funds .....	93
J-5 General Fund Other Local Revenue by Source.....	94
J-6 Assessed Value and Actual Value of Taxable Property .....	95
J-7 Direct and Overlapping Property Tax Rates .....	96
J-8 Principal Property Taxpayers, Current Year and Nine Years Ago .....	97
J-9 Property Tax Levies and Collections .....	98
J-10 Ratios of Outstanding Debt by Type.....	99
J-11 Ratios of Net General Bonded Debt Outstanding .....	100
J-12 Ratios of Overlapping Governmental Activities Debt .....	101
J-13 Legal Debt Margin Information .....	102
J-14 Demographic and Economic Statistics.....	103
J-15 Principal Employers, Current Year and Nine Years Ago.....	104
J-16 Full-time Equivalent District Employees by Function/Program .....	105
J-17 Operating Statistics .....	106
J-18 School Building Information.....	107
J-19 Schedule of Required Maintenance.....	108
J-20 Insurance Schedule.....	109

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

K.	SINGLE AUDIT SECTION .....	110
K-1	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	111
K-2	Independent Auditor's Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.. ..	113
	Schedule of Expenditures of Federal Awards .....	115
	Schedule of Expenditures of State Awards .....	116
	Notes to the Schedules of Expenditures of Federal and State Awards.....	117
	Schedule of Findings and Questioned Costs .....	119
	Summary Schedule of Prior Audit Findings .....	120

INTRODUCTORY SECTION

**BEDMINSTER TOWNSHIP  
BOARD OF EDUCATION**

234 Somerville Road  
Bedminster, New Jersey 07921

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

Philip J. Acosta  
School Business Administrator/  
Board Secretary

October 11, 2013

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

Dear Board Members:

The comprehensive annual financial report of the Bedminster Township School District (the "District") for the fiscal year ended June 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial statements, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular as well as special education for handicapped students. The District completed the 2012-2013 fiscal year with an enrollment of 586 students, a decrease of 3 students from the previous year's enrollment.

The Honorable President and Members of  
the Board of Education  
Bedminster Township School District  
Page 2  
October 11, 2013

2) ECONOMIC CONDITION AND OUTLOOK: The Township of Bedminster, with approximately 8,202 residents and 26.7 square miles, is one of Somerset County's oldest municipalities, chartered in 1749. Bedminster is steeped in colonial and Revolutionary War history. The Township was founded as an agricultural center and during the 18th century, the beauty of the area attracted many wealthy families who built expensive estates. It remained a quiet rural area until the 1970's when I -78 was opened along its southern edge, and I-287 crossed at the eastern border. The Township is comprised of several villages: Bedminster Village, Burnt Mills, Lamington, Portersville, Pluckemin and Union Grove.

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

### 3) MAJOR INITIATIVES:

#### Monitoring

NJSAC (New Jersey Quality Single Accountability Continuum) is the Department of Education's monitoring and evaluation system. Its primary purpose is to measure and improve school district performance in meeting State standards. The school district was monitored by the State Department of Education during the 2012-2013. The District did not achieve one hundred percent (100%) compliance in all indicators. As a result, the District had to submit a District Improvement Plan (DPR) to address those areas less than 100%.

#### Building

In September 1993, the community celebrated the opening of a state of the art facility to accommodate rapid growth and increased enrollment. By 1998-99, the District completed the second phase of its building program, with a \$5.2 million dollar project, providing the additional second phase of its building program, providing additional space for approximately 220-240 students with the expansion of the core facilities to provide a new multi-purpose room, a new science lab and a new media technology suite.

During the fiscal year 2012-2013, all major systems and equipment were inspected and serviced. Comprehensive Maintenance Plan (CMP) activities were completed in accordance with and as scheduled in the CMP. As the building is beginning to age, the Board is proactively addressing capital projects identified in the District's Long Range Facility Plan (LRFP) and CMP.

#### Student Achievement

The Board supports a curriculum that is comprehensive and challenging. Students enjoy opportunities in all "traditional" offerings such as language arts and literature, mathematics, algebra, geometry, inquiry based science, and social studies. Our curricula are aligned with the NJ Core Curriculum Content Standards.

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

The Honorable President and Members of  
the Board of Education  
Bedminster Township School District  
Page 3  
October 11, 2013

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

These priorities have been embraced in our annual school improvement goals and are reflected in ongoing professional staff development. We are extremely proud of our website, [www.bedminsterschool.org](http://www.bedminsterschool.org), which was developed with Schoolwires to provide flexibility in use and opportunities to interact with the community.

The District's before/after school Tutor Mentor Program for at-risk students continued with the support from our Board of Education, the Municipal Alliance and No Child Left Behind (NCLB) funding. The District continues to update curricula in accordance with the latest New Jersey Core Curriculum Content Standards (NJCCCS).

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

#### Staff Development

Our faculty members are committed to the constant improvement of their instructional skills and the acquisition of new strategies that are supported by an intensive plan of professional development. Teachers benefit from opportunities for graduate study at colleges and universities, professional development seminars, and in-district workshops to support their needs and desire to grow professionally. Each school year, all of our teachers participate in at least twenty (20) hours of professional development via in-district workshops, out-of-district workshops, academic coursework, staff meetings that incorporated professional development and workshop facilitation by turn-key trainers.

#### Technology

The District continued to implement the strategies for meeting the goals set forth in the three (3) year technology plan. The technology education curriculum for Kindergarten through grade eight emphasizes the infusion of technology into all areas of the school curricula.

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

Our school goals are linked to professional development and are an integral element in every teacher's professional improvement plan. During this past year, the professional improvement was guided by a need to improve student writing and the infusion of technology.

The District technology plan was approved by the Somerset County Department of Education in June 2013. It was later submitted to the Bedminster Township Board of Education for approval.

The Honorable President and Members of  
the Board of Education  
Bedminster Township School District  
Page 4  
October 11, 2013

#### Community Outreach

The Board encourages community input to assist with the strategic planning and decisions about the educational program. In fact, stakeholders are well represented on the Bedminster Technology Steering Committee, Food Advisory Committee, the Somerset Hills Municipal Alliance Meetings, the Graduation Committee, the Governor's Teacher Recognition Committee, Read-Across-America, and the Parent Teacher Organization. In addition to participation on ad-hoc committees, our parents do an extraordinary job as volunteers in our library, computer lab, classrooms and cafeteria. Their volunteer presence enhances our entire educational program. The District's commitment and emphasis on the importance of community volunteerism is demonstrated by the forty (40) hours of community service required by all eighth grade students.

#### Service Agreements

The Bedminster Township School District is proud of its efforts to develop shared service agreements to generate revenues and lower the burden of school taxes on property owners. During the past year we maintained two very successful partnerships-one with Bedminster Township to provide custodial services for the municipality; one with the Clarence Dillon Public Library to provide library technology services. These two initiatives yielded revenues of approximately \$48,000 during the 2012-2013 school year.

#### Tuition Revenues

The Bedminster Township School District provides an outstanding program of special education and as a result of the outstanding program we have been able to extend programming to out-of-district students on a tuition basis. During the summer the school district offers extended summer programming to children attending the Somerset Hills School District. By combining extended summer programs and staff, the District has realized a substantial savings to our normal summer programming costs.

#### Administrative Savings

In 2011, we negotiated an agreement with the Somerset Hills School District to provide administrative services to manage their department of student services. That agreement has yielded the Bedminster Township Public School District a service fee of almost \$126,000 during the 2012-2013 school year.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP).

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

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

The Honorable President and Members of  
the Board of Education  
Bedminster Township School District  
Page 5  
October 11, 2013

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions of fund balance at June 30, 2013.

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

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

9) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. The auditors' report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

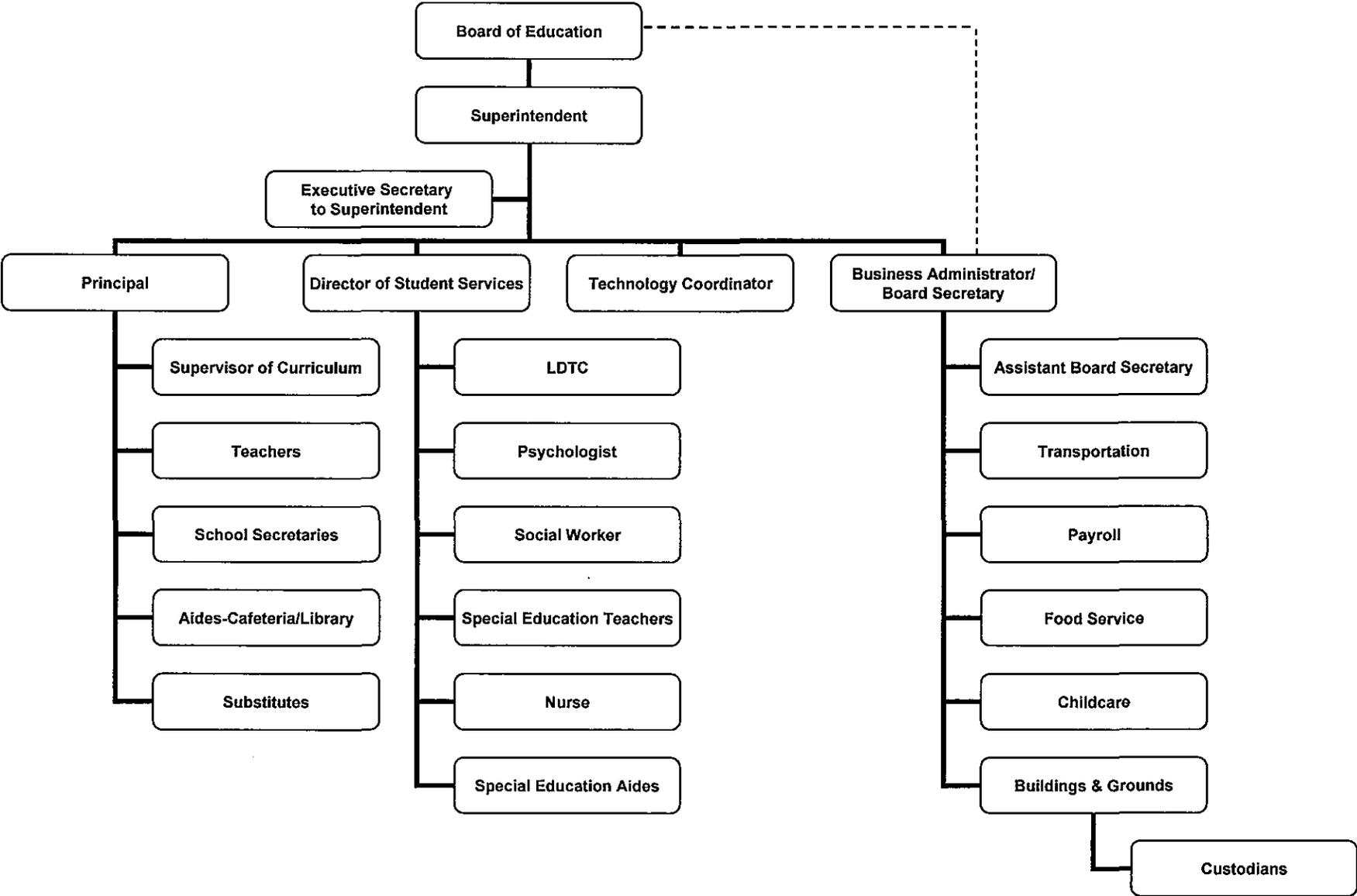
10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Bedminster Township School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report was accomplished with the efficient and dedicated services of our Board Office staff.

Respectfully submitted,



Philip J. Acosta  
Business Administrator/Board Secretary

# Bedminster Township School District



**BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2013**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Louis Casella, President		2014
Jeff Reaves, Vice President		2015
Michael Allegra		2014
Monica Burch		2013
Judy Creelman		2013
Julie Goetz		2013
Brian Haggerty		2015
Jennifer Johansson		2015
Laura Malley-Schmitt		2015
<u>Other Officers</u>	<u>Title</u>	
Carolyn Koos	Superintendent of Schools	
Philip J. Acosta	Business Administrator/Board Secretary	
Marilyn McClintick	Treasurer of School Monies	

**Bedminster Township School District**  
Consultants and Advisors

**Audit Firm**

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

**Attorney**

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

**Architect of Record**

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

**Official Depository**

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

FINANCIAL SECTION



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

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

## Independent Auditors' Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Bedminster Township School District (the "District") in the County of Somerset, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

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 Office of School 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Bedminster Township School District, in the County of Somerset, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, and the budgetary comparison information in Exhibits C-1 through C-3 and I-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable President and Members  
of the Board of Education  
Bedminster Township School District  
Page 3

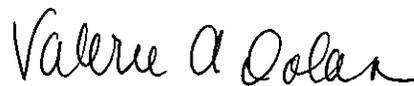
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

October 11, 2013  
Mount Arlington, New Jersey

NISIVOCCIA LLP



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Valerie A. Dolan  
Licensed Public School Accountant #2526  
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
(Unaudited)**

This section of Bedminster Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2013. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

**Financial Highlights**

- The District's financial status is stable, in spite of relatively level state aid for several years.
- Overall revenue was \$17.69 million.
- Overall expenses were \$17.03 million.

**Overview of the Financial Statements**

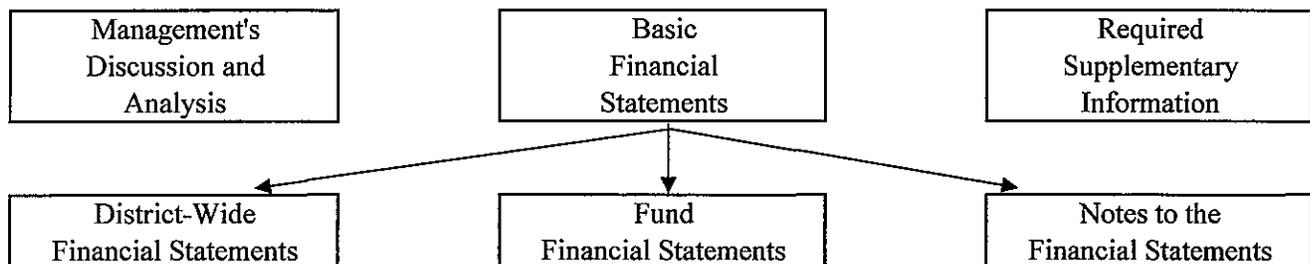
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

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

**Figure A-1**

**Organization of the School District's Financial Report**



**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
(Unaudited)**

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

**Figure A-2**

*Major Features of the District-Wide and Fund Financial Statements*

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
(Unaudited)**

***District-wide Statements***

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

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

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

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

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

***Fund Financial Statements***

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

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

The District has three kinds of funds:

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
(Unaudited)**

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

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

### Financial Analysis of the District as a Whole

*Net Position.* The District's combined net position increased by \$664,800. Net position from governmental activities increased by \$638,766, and net position from business-type activities increased by \$26,034. Net investment in capital assets increased by \$308,148, restricted net position decreased by \$26,828, and unrestricted net position increased by \$383,480.

**Figure A-3**

**Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total School District		Percentage
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	Change
Current and							
Other Assets	\$ 1,505,006	\$ 1,384,445	\$ 59,278	\$ 28,045	\$ 1,564,284	\$ 1,412,490	10.75%
Capital Assets	10,728,123	11,142,827	42,722	29,870	10,770,845	11,172,697	-3.60%
Total Assets	<u>12,233,129</u>	<u>12,527,272</u>	<u>102,000</u>	<u>57,915</u>	<u>12,335,129</u>	<u>12,585,187</u>	-1.99%
Long-Term Debt							
Outstanding	4,076,638	4,821,103			4,076,638	4,821,103	-15.44%
Other Liabilities	123,746	312,190	20,238	2,187	143,984	314,377	-54.20%
Total Liabilities	<u>4,200,384</u>	<u>5,133,293</u>	<u>20,238</u>	<u>2,187</u>	<u>4,220,622</u>	<u>5,135,480</u>	-21.68%
Net Position:							
Net Investment in							
Capital Assets	6,718,123	6,422,827	42,722	29,870	6,760,845	6,452,697	4.78%
Restricted	904,787	931,615			904,787	931,615	-2.88%
Unrestricted	<u>409,835</u>	<u>39,537</u>	<u>39,040</u>	<u>25,858</u>	<u>448,875</u>	<u>65,395</u>	586.41%
Total Net Position	<u>\$ 8,032,745</u>	<u>\$ 7,393,979</u>	<u>\$ 81,762</u>	<u>\$ 55,728</u>	<u>\$ 8,114,507</u>	<u>\$ 7,449,707</u>	8.92%

*Changes in Net Position.* The District's combined net position was \$8,114,507 on June 30, 2013 an increase of \$664,800 or 8.92% more than it was the year before (See Figure A-3). Net Investment in Capital Assets increased by \$308,148 or 4.78% due to the payment of \$710,000 in bond principal and additions of \$55,675, offset by \$448,907 in depreciation and a net disposal of capital assets of \$8,620. Restricted net position decreased by \$26,828 or 2.88% due to a \$26,838 decrease in the Maintenance Reserve offset by an increase of \$10 in Capital Reserve. Unrestricted net position increased by \$383,480 or 586.41% due to a decrease of \$34,465 in Compensated Absences Payable offset by increases of \$349,015 in fund balance provided by operations in the General Fund.

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
(Unaudited)**

Figure A-4

Changes in Net Position from Operating Results							
	Governmental Activities	Business- Type Activities	Governmental Activities	Business- Type Activities	Total School District	Total School District	Percentage Change
	2012/13	2012/13	2011/12	2011/12	2012/13	2011/12	2012/13
<b>Revenue:</b>							
<b>Program Revenue:</b>							
Charges for Services		\$ 189,122		\$ 148,521	\$ 189,122	\$ 148,521	27.34%
Operating Grants and Contributions	\$ 2,214,136	48,288	\$ 1,733,460	44,229	2,262,424	1,777,689	27.27%
<b>General Revenue:</b>							
Property Taxes	14,904,995		14,655,854		14,904,995	14,655,854	1.70%
Tuition Charges	104,851		129,159		104,851	129,159	-18.82%
Other	229,184	114	390,523	205	229,298	390,728	-41.32%
<b>Total Revenue</b>	<b>17,453,166</b>	<b>237,524</b>	<b>16,908,996</b>	<b>192,955</b>	<b>17,690,690</b>	<b>17,101,951</b>	<b>3.44%</b>
<b>Expenses:</b>							
Instruction	7,095,960		7,289,416		7,095,960	7,289,416	-2.65%
Pupil and Instruction Services	6,318,121		5,922,265		6,318,121	5,922,265	6.68%
Administrative and Business	1,029,236		1,089,141		1,029,236	1,089,141	-5.50%
Maintenance and Operations	789,651		1,051,292		789,651	1,051,292	-24.89%
Transportation	898,694		815,895		898,694	815,895	10.15%
Capital Outlay	42,454		57,125		42,454	57,125	-25.68%
Other	640,284	211,490	389,553	214,214	851,774	603,767	41.08%
<b>Total Expenses</b>	<b>16,814,400</b>	<b>211,490</b>	<b>16,614,687</b>	<b>214,214</b>	<b>17,025,890</b>	<b>16,828,901</b>	<b>1.17%</b>
<b>Increase/(Decrease) in Net Position</b>	<b>\$ 638,766</b>	<b>\$ 26,034</b>	<b>\$ 294,309</b>	<b>\$ (21,259)</b>	<b>\$ 664,800</b>	<b>\$ 273,050</b>	<b>143.47%</b>

*Revenue Sources.* The District's total revenue for the 2012/13 school year was \$17,690,690. (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$14,904,995 of the total, or 84.25 percent. (See Figure A-5). Another 12.79 percent came from state and federal aid and the remainder from miscellaneous sources, tuition and charges for services.

Figure A-5

**Sources of Revenue for Fiscal Year 2013**

	Amount	Percentage
<b>Sources of Income:</b>		
Property Taxes	\$ 14,904,995	84.25%
Federal and State Categorical Grants	2,262,424	12.79%
Charges for Services	189,122	1.07%
Tuition	104,851	0.59%
Other	229,298	1.30%
	<b>\$ 17,690,690</b>	<b>100.00%</b>

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
(Unaudited)**

The total cost of all programs and services was \$17,025,890. The District's expenses are predominantly related to instructing and providing pupil services (84.06 percent). (See Figure A-6). The District's administrative and business activities accounted for 6.05 percent of total costs. It is important to note that \$448,907 of depreciation is included in expenses for the year.

**Figure A-6**

**Expenses for Fiscal Year 2013**

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 7,095,960	41.67%
Pupil and Instruction Services	6,318,121	37.11%
Administrative and Business	1,029,236	6.05%
Maintenance and Operations	789,651	4.64%
Transportation	898,694	5.28%
Capital Outlay	42,454	0.25%
Other	851,774	5.00%
	<u>\$ 17,025,890</u>	<u>100.00%</u>

**Governmental Activities**

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

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

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

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
(Unaudited)**

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

**Figure A-7**

	<b>Net Cost of Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2012/13	2012/13	2011/12	2011/12
Instruction	\$ 7,095,960	\$ 5,193,956	\$ 7,289,416	\$ 5,742,148
Pupil and Instruction Services	6,318,121	6,215,266	5,922,265	5,832,001
Administrative and Business	1,029,236	933,445	1,089,141	1,007,271
Maintenance and Operations	789,651	789,651	1,051,292	1,051,292
Transportation	898,694	785,208	815,895	801,837
Capital Outlay	42,454	42,454	57,125	57,125
Other	640,284	640,284	389,553	389,553
	<u>\$ 16,814,400</u>	<u>\$ 14,600,264</u>	<u>\$ 16,614,687</u>	<u>\$ 14,881,227</u>

- The cost of all governmental activities this year was \$16.81 million.
- The federal and state governments subsidized certain programs with grants and aid (\$2.21 million).
- Most of the District's costs, however, were financed by District taxpayers (\$14.90 million).
- A portion of the governmental activities was financed with approximately \$662,948 in state aid based on the General Fund State Aid Payments Formula, which is included in the \$2.21 million above.
- The remainder of the funding came from miscellaneous revenue, charges for services and investment earnings.

#### **Business-Type Activities**

Net position from the District's business-type activity increased by \$26,034. (Refer to Figure A-4).

- Food services revenue exceeded expenses by \$26,034, which accounted for all of the increase in the net position of the business-type activities.

#### **Financial Analysis of the District's Funds**

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

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

#### **General Fund Budgetary Highlights**

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
(Unaudited)**

**Capital Asset and Debt Administration**

**Figure A-8**

**Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percentage
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	Change 2012/13
Sites and Site							
Improvements	\$ 103,995	\$ 117,810			\$ 103,995	\$ 117,810	-11.73%
Buildings and Building							
Improvements	10,439,578	10,839,577			10,439,578	10,839,577	-3.69%
Machinery and							
Equipment	184,550	185,440	\$ 42,722	\$ 29,870	227,272	215,310	5.56%
Total Capital Assets (Net of Depreciation)	<u>\$ 10,728,123</u>	<u>\$ 11,142,827</u>	<u>\$ 42,722</u>	<u>\$ 29,870</u>	<u>\$ 10,770,845</u>	<u>\$ 11,172,697</u>	-3.60%

**Long-term Debt**

At year-end, the District had \$4,010,000 in general obligation bonds outstanding – a decrease of \$710,000 from last year – as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements.)

**Figure A-9**

**Outstanding Long-Term Debt**

	Total School District		Percentage
	2012/13	2011/12	Change 2012/13
General Obligation Bonds (Financed with Property Taxes)	\$ 4,010,000	\$ 4,720,000	-15.04%
Other Long-Term Debt	66,638	101,103	-34.09%
	<u>\$ 4,076,638</u>	<u>\$ 4,821,103</u>	-15.44%

The District continued to pay down its bonded debt, retiring \$710,000 of outstanding bonds. In fiscal year 2012/13 compensated absences decreased by \$34,465 due to a number of retirements.

**Factors Bearing on the District's Future Revenue/Expense Changes**

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

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
(Unaudited)**

**Contacting the District's Financial Management**

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

**BASIC FINANCIAL STATEMENTS**

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 124,232	\$ 56,066	\$ 180,298
Receivables from State Government	190,900	148	191,048
Receivables from Federal Government	120,184	2,540	122,724
Receivables from Other Governments	24,780		24,780
Other Receivables	140,123		140,123
Inventories		524	524
Restricted Cash and Cash Equivalents	904,787		904,787
Capital Assets, Net			
Sites (Land)	7,444		7,444
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	<u>10,720,679</u>	<u>42,722</u>	<u>10,763,401</u>
Total Assets	<u>12,233,129</u>	<u>102,000</u>	<u>12,335,129</u>
<b>LIABILITIES</b>			
Accrued Interest Payable	55,692		55,692
Accounts Payable	20,570	12,960	33,530
Payable to State Government	11,227		11,227
Unearned Revenue	36,257	7,278	43,535
Noncurrent Liabilities:			
Due Within One Year	735,000		735,000
Due Beyond One Year	<u>3,341,638</u>		<u>3,341,638</u>
Total Liabilities	<u>4,200,384</u>	<u>20,238</u>	<u>4,220,622</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	6,718,123	42,722	6,760,845
Restricted for:			
Capital Projects	381,450		381,450
Other Purposes	523,337		523,337
Unrestricted	<u>409,835</u>	<u>39,040</u>	<u>448,875</u>
Total Net Position	<u>\$ 8,032,745</u>	<u>\$ 81,762</u>	<u>\$ 8,114,507</u>

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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>						
<b>Instruction:</b>						
Regular	\$ 5,046,006		\$ 716,871	\$ (4,329,135)		\$ (4,329,135)
Special Education	1,852,500		1,173,372	(679,128)		(679,128)
Other Special Instruction	81,846		11,761	(70,085)		(70,085)
Other Instruction	115,608			(115,608)		(115,608)
<b>Support Services:</b>						
Tuition	4,686,678			(4,686,678)		(4,686,678)
Student & Instruction Related Services	1,631,443		102,855	(1,528,588)		(1,528,588)
General Administrative Services	434,693		34,947	(399,746)		(399,746)
School Administrative Services	279,767		33,350	(246,417)		(246,417)
Central Services	314,776		27,494	(287,282)		(287,282)
Plant Operations and Maintenance	789,651			(789,651)		(789,651)
Pupil Transportation	898,694		113,486	(785,208)		(785,208)
Interest on Long-Term Debt	186,725			(186,725)		(186,725)
Capital Outlay	42,454			(42,454)		(42,454)
Transfer of Funds to Charter School	54,098			(54,098)		(54,098)
Unallocated	399,461			(399,461)		(399,461)
<b>Total Governmental Activities</b>	<b>16,814,400</b>		<b>2,214,136</b>	<b>(14,600,264)</b>		<b>(14,600,264)</b>
<b>Business-Type Activities:</b>						
Food Service	211,490	\$ 189,122	48,288		\$ 25,920	25,920
<b>Total Business-Type Activities</b>	<b>211,490</b>	<b>189,122</b>	<b>48,288</b>		<b>25,920</b>	<b>25,920</b>
<b>Total Primary Government</b>	<b>\$ 17,025,890</b>	<b>\$ 189,122</b>	<b>\$ 2,262,424</b>	<b>(14,600,264)</b>	<b>25,920</b>	<b>(14,574,344)</b>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
General Revenues:						
Taxes:						
	Property Taxes, Levied for General Purposes, Net			\$ 13,998,445		\$ 13,998,445
	Taxes Levied for Debt Service			906,550		906,550
	Tuition Charges			104,851		104,851
	Miscellaneous Income			229,184	\$ 114	229,298
	Total General Revenue			<u>15,239,030</u>	<u>114</u>	<u>15,239,144</u>
	Change in Net Position			638,766	26,034	664,800
	Net Position - Beginning			<u>7,393,979</u>	<u>55,728</u>	<u>7,449,707</u>
	Net Position - Ending			<u>\$ 8,032,745</u>	<u>\$ 81,762</u>	<u>\$ 8,114,507</u>

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

FUND FINANCIAL STATEMENTS

Exhibit B-1

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 124,232		\$ 124,232
Interfund Receivable	79,744		79,744
Receivables From State Government	190,900		190,900
Receivables From Federal Government		\$ 120,184	120,184
Receivables From Other Governments	21,736	3,044	24,780
Other Receivables	136,123	4,000	140,123
Restricted Cash and Cash Equivalents	<u>904,787</u>		<u>904,787</u>
Total Assets	<u>\$ 1,457,522</u>	<u>\$ 127,228</u>	<u>\$ 1,584,750</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Interfund Payable		\$ 79,744	\$ 79,744
Accounts Payable	\$ 20,570		20,570
Payable to State Government		11,227	11,227
Unearned Revenue		<u>36,257</u>	<u>36,257</u>
Total Liabilities	<u>20,570</u>	<u>127,228</u>	<u>147,798</u>
Fund Balances:			
Restricted:			
Capital Reserve Account	\$ 381,450		\$ 381,450
Maintenance Reserve Account	523,337		523,337
Assigned:			
Year-end Encumbrances	213,511		213,511
Unassigned	<u>318,654</u>		<u>318,654</u>
Total Fund Balances	<u>1,436,952</u>		<u>1,436,952</u>
Total Liabilities and Fund Balances	<u>\$ 1,457,522</u>	<u>\$ 127,228</u>	<u>\$ 1,584,750</u>

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are Different Because:

Total Fund Balances from above	\$ 1,436,952
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds. The Cost of the Assets is \$18,743,862 and the Accumulated Depreciation is \$8,015,739.	10,728,123
Interest on Long-Term Debt is not Accrued in Governmental Funds, but Rather is Recognized as an Expenditure when Due.	(55,692)
Long-Term Liabilities, including Bonds Payable, are not Due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds	<u>(4,076,638)</u>
Net Position of Governmental Activities	<u>\$ 8,032,745</u>

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

Exhibit B-2

**BEDMINSTER TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>				
<b>Local Sources:</b>				
Local Tax Levy	\$ 13,998,445		\$ 906,550	\$ 14,904,995
Tuition	104,851			104,851
Interest	1,724			1,724
Unrestricted Miscellaneous Revenue	227,460	\$ 9,582		237,042
<b>Total - Local Sources</b>	<b>14,332,480</b>	<b>9,582</b>	<b>906,550</b>	<b>15,248,612</b>
State Sources	1,879,984	26,350		1,906,334
Federal Sources		298,220		298,220
<b>Total Revenues</b>	<b>16,212,464</b>	<b>334,152</b>	<b>906,550</b>	<b>17,453,166</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Regular Instruction	3,505,724	69,081		3,574,805
Special Education Instruction	1,164,037	218,566		1,382,603
Other Special Instruction	57,202			57,202
School-Sponsored/Other Instruction	99,361			99,361
<b>Support Services and Undistributed Costs:</b>				
Tuition	4,686,678			4,686,678
Student and Other Instruction Related Services	1,240,910	46,505		1,287,415
General Administration Services	353,311			353,311
School Administration Services	195,300			195,300
Central Services	233,628			233,628
Plant Operations and Maintenance	708,456			708,456
Student Transportation	889,238			889,238
Unallocated Benefits	2,645,962			2,645,962
<b>Debt Service:</b>				
Principal			710,000	710,000
Interest and Other Charges			196,550	196,550
Capital Outlay	79,379			79,379
Transfer of Funds to Charter School	54,098			54,098
<b>Total Expenditures</b>	<b>15,913,284</b>	<b>334,152</b>	<b>906,550</b>	<b>17,153,986</b>
<b>Net Change in Fund Balances</b>	<b>299,180</b>			<b>299,180</b>
Fund Balance - July 1	1,137,772			1,137,772
Fund Balance - June 30	\$ 1,436,952	\$ -0-	\$ -0-	\$ 1,436,952

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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	299,180
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation and deleted assets exceeded capital outlays in the period.		
Depreciation Expense	\$	(443,009)
Disposal of Assets with Carrying Value		(8,620)
Capital Outlays		<u>36,925</u>
		(414,704)
In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		34,465
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).		
		9,825
Repayment of serial bonds payable is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		
		<u>710,000</u>
Change in Net Position of Governmental Activities (A-2)	\$	<u><u>638,766</u></u>

Exhibit B-4

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2013

	Business-type Activities - Enterprise Funds
	<u>Food Service</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 56,066
Intergovernmental Accounts Receivable:	
State	148
Federal	2,540
Inventories	<u>524</u>
Total Current Assets	<u>59,278</u>
Non-Current Assets:	
Capital Assets	177,150
Less: Accumulated Depreciation	<u>(134,428)</u>
Total Non-Current Assets	<u>42,722</u>
Total Assets	<u>102,000</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	12,960
Unearned Revenue	<u>7,278</u>
Total Liabilities	<u>20,238</u>
<u>NET POSITION:</u>	
Net Investment in Capital Assets	42,722
Unrestricted	<u>39,040</u>
Total Net Position	<u>\$ 81,762</u>

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

Exhibit B-5

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-type Activities - Enterprise Funds <u>Food Service</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 110,940
Daily Sales - Non-Reimbursable Programs	78,182
Miscellaneous Revenue	<u>94</u>
Total Operating Revenue	<u>189,216</u>
Operating Expenses:	
Cost of Sales	105,487
Salaries, Benefits & Payroll Taxes	88,710
Supplies, Insurance & Other Costs	1,626
Management Fee	9,030
Miscellaneous Expense	739
Depreciation Expense	<u>5,898</u>
Total Operating Expenses	<u>211,490</u>
Operating Loss	<u>(22,274)</u>
Non-Operating Income:	
Local Sources:	
Interest Income	20
State Sources:	
State School Lunch Program	1,993
Federal Sources:	
National School Lunch Program	33,368
Food Distribution Program	<u>12,927</u>
Total Non-Operating Income	<u>48,308</u>
Change in Net Position	26,034
Net Position - Beginning of Year	<u>55,728</u>
Net Position - End of Year	<u>\$ 81,762</u>

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

## Exhibit B-6

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 189,216
Payments to Food Service Contractor	(171,024)
Net Cash Provided by Operating Activities	18,192
Cash Flows from Financing Activities:	
Interest Income	20
Net Cash Provided by Financing Activities	20
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(18,750)
Net Cash Used for Capital and Related Financing Activities	(18,750)
Cash Flows by Noncapital Financing Activities:	
State Sources	1,972
Federal Sources	32,483
Net Cash Provided by Noncapital Financing Activities	34,455
Net Increase in Cash and Cash Equivalents	33,917
Cash and Cash Equivalents, July 1	22,149
Cash and Cash Equivalents, June 30	\$ 56,066
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating Loss	\$ (22,274)
Adjustment to Reconcile Operating Loss to Cash Provided by Operating Activities:	
Depreciation	5,898
Food Distribution Program	12,927
Changes in Assets and Liabilities:	
Decrease in Inventory	3,590
Increase in Unearned Revenue	5,091
Increase in Accounts Payable	12,960
Net Cash Provided by Operating Activities	\$ 18,192

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program Valued at \$10,978 and Utilized Commodities Valued at \$12,927.

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

## Exhibit B-7

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30,2013

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>
<u>ASSETS:</u>		
Cash and Cash Equivalents	\$ 142,277	\$ 25,034
Total Assets	<u>142,277</u>	<u>25,034</u>
<u>LIABILITIES:</u>		
Payroll Deductions and Withholdings	73,702	
Accrued Salaries and Wages	54,408	
Due to Student Groups	<u>14,167</u>	
Total Liabilities	<u>142,277</u>	
<u>NET POSITION:</u>		
Held in Trust for Unemployment Claims		<u>25,034</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 25,034</u>

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

## Exhibit B-8

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Unemployment Compensation Trust</u>
<b>ADDITIONS:</b>	
Contributions:	
Plan Members	\$ 10,390
Total Contributions	<u>10,390</u>
Investment Earnings:	
Interest	<u>13</u>
Net Investment Earnings	<u>13</u>
Total Additions	<u>10,403</u>
<b>DEDUCTIONS:</b>	
Unemployment Claims	<u>18,400</u>
Total Deductions	<u>18,400</u>
Change in Net Position	(7,997)
Net Position - Beginning of the Year	<u>33,031</u>
Net Position - End of the Year	<u>\$ 25,034</u>

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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

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

B. Basis of Presentation (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the capital outlay sub-fund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

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

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

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

The District reports the following proprietary fund:

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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

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

B. Basis of Presentation (Cont'd)

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2013 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 16,225,561	\$ 338,795
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not.		
Current Year Encumbrances		(4,643)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	49,916	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(63,013)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 16,212,464	\$ 334,152
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 15,913,284	\$ 338,795
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.		
Current Year Encumbrances		(4,643)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 15,913,284	\$ 334,152

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Continued)

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

E. Cash and Cash Equivalents and Investments

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

New Jersey school districts are limited as to the type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the general or enterprise funds represent payments made to vendors for services that will benefit periods beyond June 30, 2013.

K. Capital Assets:

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

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

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

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

L. Long Term Liabilities:

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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

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

M. Accrued Salaries and Wages

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2013, the amount earned by these employees but not yet disbursed was \$54,408.

N. Compensated Absences

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

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

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

O. Unearned Revenue

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

P. Fund Balance Appropriated

General Fund: Of the \$1,436,952 of General Fund fund balance at June 30, 2013, \$381,450 is restricted for the capital reserve account; \$523,337 is restricted for the maintenance reserve account; \$213,511 is assigned for year-end encumbrances; and \$318,654 is unassigned, which is \$63,013 less than the calculated maximum unassigned fund balance due to the final two State Aid payments that are not recognized on the GAAP Basis until the fiscal year ending June 30, 2014.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (s1701), the Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had no excess surplus at June 30, 2013.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Continued)

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

P. Fund Balance Appropriated (Cont'd)

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$63,013 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payments in the subsequent fiscal year, the school district cannot recognize the last state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final state aid payments and not the fund balance reported on the fund statement which excludes the last state aid payments.

Q. Deficit in Net Position:

The District did not have a deficit in net position as of June 30, 2013.

R. Net Position:

The District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, during the current fiscal year. This statement defines net position as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District did not have any deferred inflows or outflows of resources at June 30, 2013.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had no committed resources for at June 30, 2013.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances in the General Fund at June 30, 2013.

T. Revenue - Exchange and Non-exchange Transactions:

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

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

T. Operating Revenue and Expenses:

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

U. Management Estimates:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

Deposits:

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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

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

Deposits: (Cont'd)

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

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

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

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

Investments:

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

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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

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

As of June 30, 2013, cash and cash equivalents and investments of the District consisted of the following:

	<u>Capital and Maintenance Reserves</u>	<u>Cash and Cash Equivalents</u>	<u>Total</u>
Checking Accounts	\$ 904,787	\$ 306,728	\$ 1,211,515
New Jersey Cash Management Fund		40,881	40,881
	<u>\$ 904,787</u>	<u>\$ 347,609</u>	<u>\$ 1,252,396</u>

During the period ended June 30, 2013, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2013, was \$1,252,396 and the bank balance was \$1,435,391. The \$40,881 in the New Jersey Cash Management Fund is uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity for the Capital Reserve Account for the fiscal year ended June 30, 2013 is as follows:

Beginning Balance, July 1, 2012	\$ 381,440
Interest Earnings	<u>10</u>
Ending Balance, June 30, 2013	<u>\$ 381,450</u>

The balance in the capital reserve account at June 30, 2013 does not exceed the LRFP balance of local support costs of uncompleted capital projects.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2013 the District did not make any transfers to the capital outlay accounts that require County Superintendent's approval.

NOTE 6. MAINTENANCE RESERVE ACCOUNT

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

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

Beginning Balance, July 1, 2012	\$ 550,005
Deposit by Board Resolution - June 18, 2013	98,332
Withdrawal by Board Resolution - January 24, 2013	<u>(125,000)</u>
Ending Balance, June 30, 2013	<u><u>\$ 523,337</u></u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2013 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 7,444			\$ 7,444
Total Capital Assets Not Being Depreciated	<u>7,444</u>			<u>7,444</u>
Capital Assets Being Depreciated:				
Site Improvements	283,185			283,185
Buildings and Building Improvements	17,373,342			17,373,342
Machinery and Equipment	1,071,846	\$ 36,925	\$ (28,880)	1,079,891
Total Capital Assets Being Depreciated	<u>18,728,373</u>	<u>36,925</u>	<u>(28,880)</u>	<u>18,736,418</u>
Governmental Activities Capital Assets	<u>18,735,817</u>	<u>36,925</u>	<u>(28,880)</u>	<u>18,743,862</u>
Less Accumulated Depreciation for:				
Site Improvements	(172,819)	(13,815)		(186,634)
Buildings and Building Improvements	(6,533,765)	(399,999)		(6,933,764)
Machinery and Equipment	(886,406)	(29,195)	20,260	(895,341)
	<u>(7,592,990)</u>	<u>(443,009)</u>	<u>20,260</u>	<u>(8,015,739)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 11,142,827</u>	<u>\$ (406,084)</u>	<u>\$ (8,620)</u>	<u>\$ 10,728,123</u>
<b>Business Type Activities:</b>				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 158,400	\$ 18,750		\$ 177,150
Less: Accumulated Depreciation	(128,530)	(5,898)		(134,428)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 29,870</u>	<u>\$ 12,852</u>	<u>\$ -0-</u>	<u>\$ 42,722</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 23,214
General Administration	7,310
School Administration	7,310
Central Services	3,633
Operations and Maintenance of Plant	2,082
Unallocated	399,460
	<u>\$ 443,009</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2013, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2012</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2013</u>
Serial Bonds Payable	\$ 4,720,000		\$ 710,000	\$ 4,010,000
Compensated Absences Payable	101,103	\$ 11,305	45,770	66,638
	<u>\$ 4,821,103</u>	<u>\$ 11,305</u>	<u>\$ 755,770</u>	<u>\$ 4,076,638</u>

A. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2013 as follows:

<u>Final Maturity</u> <u>Date</u>	<u>Serial Bonds</u> <u>Interest</u> <u>Rate</u>	<u>Amount</u>
03/01/18	4.00%-4.50%	\$ 4,010,000
		<u>\$ 4,010,000</u>

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

<u>Year Ending June 30,</u>	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 735,000	\$ 167,075	\$ 902,075
2015	765,000	134,825	899,825
2016	805,000	100,400	905,400
2017	835,000	68,200	903,200
2018	870,000	34,800	904,800
	<u>\$ 4,010,000</u>	<u>\$ 505,300</u>	<u>\$ 4,515,300</u>

As of June 30, 2013, the Board had no bonds authorized but not issued.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

B. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$-0- and is separated from the long-term liability balance of compensated absences of \$66,638.

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, 2013, no liability existed for compensated absences in the Proprietary Fund.

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

NOTE 9. PENSION PLANS

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

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

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

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Effective July 1, 2012, the employee contribution for PERS and TPAF went from 6.5% to 6.64% of employees' annual compensation, as defined. Subsequent increases are being phased in over 7 years effective each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in the TPAF and PERS.

District Contributions to PERS amounted to \$116,094, \$109,541, and \$104,276 for the fiscal years ended June 30, 2013, 2012, and 2011 respectively.

During the fiscal years ended June 30, 2013, 2012, and 2011 the State of New Jersey contributed \$325,188, \$164,416, and \$-0-, respectively, to the TPAF for pension benefits on-behalf of the District.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. 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, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District were \$367,706, \$342,997 and \$299,309, for 2013, 2012 and 2011, respectively.

NOTE 11. RISK MANAGEMENT

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

Property and Liability Insurance

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

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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

The audit of the NJSBAIG as of June 30, 2013 is not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2012 is as follows:

	N.J. School Board Association Insurance Group
Total Assets	\$ 267,924,509
Net Position	\$ 64,143,384
Total Revenue	\$ 85,639,095
Total Expenses	\$ 84,297,968
Change in Net Position	\$ 1,341,127
Members' Dividends	\$ -0-

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

NJ School Boards Association Insurance Group  
450 Veterans Drive  
Burlington, NJ 08016  
(609) 386-6060

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012-2013	\$ -0-	\$ 13	\$ 10,390	\$ 18,400	\$ 25,034
2011-2012	105,000	50	10,193	87,832	33,031
2010-2011	53,941	10	10,039	64,801	5,620

NOTE 12. ECONOMIC DEPENDENCY

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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 79,744	
Special Revenue Fund		\$ 79,744
	<u>\$ 79,744</u>	<u>\$ 79,744</u>

The interfund payable from the Special Revenue Fund and the interfund receivable in the General Fund as of June 30, 2013 represents a deficit in cash in the Special Revenue Fund primarily due to accounts receivable for Federal Grants.

NOTE 14. DEFERRED COMPENSATION

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

The plan administrators are as follows:

AXA Equitable	Lincoln Financial
AIG Valic	Metropolitan Life
Ameriprise	

NOTE 15. TAX CALENDAR

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

NOTE 16. CONTINGENT LIABILITIES

Grant Programs

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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 16. CONTINGENT LIABILITIES (Cont'd)

Encumbrances

At June 30, 2013 there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>
<u>\$ 213,511</u>	<u>\$ 4,643</u>	<u>\$ 218,154</u>

On the District's Governmental Funds Balance Sheet as of June 30, 2013, \$ -0- is assigned for year end encumbrances in the Special Revenue Fund, which is \$4,643 less than the actual year end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund.

Litigation

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

NOTE 17: ACCOUNTS PAYABLE

Payables as of June 30, 2013 were as follows:

	<u>Governmental Activities General Fund</u>	<u>Total Governmental Funds</u>	<u>Business-Type Activities Proprietary Funds</u>
Vendors	<u>\$ 20,570</u>	<u>\$ 20,570</u>	<u>\$ 12,960</u>

**BUDGETARY COMPARISON SCHEDULES**

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 13,998,445		\$ 13,998,445	\$ 13,998,445	
Tuition	57,000		57,000	104,851	\$ 47,851
Interest				1,714	1,714
Interest Earned on Capital Reserve Funds	10		10	10	
Unrestricted Miscellaneous Revenue	377,732		377,732	227,460	(150,272)
<b>Total - Local Sources</b>	<u>14,433,187</u>		<u>14,433,187</u>	<u>14,332,480</u>	<u>(100,707)</u>
State Sources:					
Extraordinary Aid	53,000		53,000	121,234	68,234
Categorical Special Education Aid	489,512		489,512	489,512	
Categorical Security Aid	65,057		65,057	65,057	
Categorical Transportation Aid	96,233		96,233	96,233	
Nonpublic Transportation Aid				17,253	17,253
TPAF Pension Contributions (non-budgeted)				325,188	325,188
On-Behalf Post Retirement Contributions (non-budgeted)				367,706	367,706
Reimbursed TPAF Social Security Contributions (non-budgeted)				410,898	410,898
<b>Total State Sources</b>	<u>703,802</u>		<u>703,802</u>	<u>1,893,081</u>	<u>1,189,279</u>
<b>TOTAL REVENUES</b>	<u>15,136,989</u>		<u>15,136,989</u>	<u>16,225,561</u>	<u>1,088,572</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 358,941	\$ (20,551)	\$ 338,390	\$ 338,390	
Grades 1-5 - Salaries of Teachers	1,601,657	9,304	1,610,961	1,610,961	
Grades 6-8 - Salaries of Teachers	1,239,893	104,936	1,344,829	1,344,829	
Regular Programs - Home Instruction:					
Salaries of Teachers	3,500	(350)	3,150	3,150	
Regular Programs - Undistributed Instruction:					
Purchased Technical Services	22,520	7,936	30,456	25,707	\$ 4,749
Other Purchased Services	37,154	(18)	37,136	37,118	18
General Supplies	94,683	(7,171)	87,512	59,160	28,352
Textbooks	31,315	(9,820)	21,495	14,171	7,324
Other Objects	97,361	(24,618)	72,743	72,238	505
Total Regular Programs - Instruction	<u>3,487,024</u>	<u>59,648</u>	<u>3,546,672</u>	<u>3,505,724</u>	<u>40,948</u>
Special Education - Instruction:					
Auditory Impairments:					
Purchased Professional-Educational Services	6,490		6,490	5,000	1,490
Total Auditory Impairments	<u>6,490</u>		<u>6,490</u>	<u>5,000</u>	<u>1,490</u>
Behavioral Disabilities:					
Salaries of Teachers	64,782	11,617	76,399	72,278	4,121
Other Salaries for Instruction		2,808	2,808	2,808	
General Supplies	697		697	238	459
Total Behavioral Disabilities	<u>65,479</u>	<u>14,425</u>	<u>79,904</u>	<u>75,324</u>	<u>4,580</u>
Multiple Disabilities:					
Salaries of Teachers	79,084	(7,200)	71,884	70,709	1,175
Other Salaries for Instruction		23,814	23,814	23,184	630
General Supplies	700	124	824	824	
Other Objects	300		300		300
Total Multiple Disabilities	<u>80,084</u>	<u>16,738</u>	<u>96,822</u>	<u>94,717</u>	<u>2,105</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 572,372	\$ 134,237	\$ 706,609	\$ 706,609	
Other Salaries for Instruction	42,374	9,178	51,552	44,389	\$ 7,163
General Supplies	3,550		3,550	3,540	10
Textbooks	750	(750)			
Other Objects	500	(475)	25		25
Total Resource Room/Resource Center	<u>619,546</u>	<u>142,190</u>	<u>761,736</u>	<u>754,538</u>	<u>7,198</u>
Preschool Disabilities - Part-time - Instruction:					
Salaries of Teachers	252,467	(71,297)	181,170	157,042	24,128
Other Salaries for Instruction	53,741	5,208	58,949	57,438	1,511
Purchased Professional-Educational Services	39,140	(14,795)	24,345	19,024	5,321
General Supplies	2,100	(423)	1,677	954	723
Other Objects	750	(271)	479		479
Total Preschool Disabilities - Part-time - Instruction	<u>348,198</u>	<u>(81,578)</u>	<u>266,620</u>	<u>234,458</u>	<u>32,162</u>
Total Special Education Instruction	<u>1,119,797</u>	<u>91,775</u>	<u>1,211,572</u>	<u>1,164,037</u>	<u>47,535</u>
Basic Skills/Remedial - Instruction:					
Other Salaries for Instruction	2,250	1,225	3,475	3,475	
Total Basic Skills/Remedial - Instruction	<u>2,250</u>	<u>1,225</u>	<u>3,475</u>	<u>3,475</u>	

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 49,052	\$ 4,425	\$ 53,477	\$ 53,477	
General Supplies	250		250	250	
Other Objects	75		75		\$ 75
Total Bilingual Education - Instruction	<u>49,377</u>	<u>4,425</u>	<u>53,802</u>	<u>53,727</u>	<u>75</u>
School-Sponsored Co curricular Activities - Instruction:					
Salaries	17,882	12,660	30,542	30,542	
Supplies and Materials	17,001		17,001	16,985	16
Total School-Sponsored Co curricular Activities - Instruction	<u>34,883</u>	<u>12,660</u>	<u>47,543</u>	<u>47,527</u>	<u>16</u>
School-Sponsored Co curricular Athletics - Instruction:					
Salaries	41,275		41,275	41,275	
Purchased Services	8,418		8,418	6,414	2,004
Other Objects	14,600	(941)	13,659	4,145	9,514
Total School-Sponsored Co curricular Athletics - Instruction	<u>64,293</u>	<u>(941)</u>	<u>63,352</u>	<u>51,834</u>	<u>11,518</u>
Total Instruction	<u>4,757,624</u>	<u>168,792</u>	<u>4,926,416</u>	<u>4,826,324</u>	<u>100,092</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	3,724,259	2,600	3,726,859	3,726,859	
Tuition to Other LEAs Within the State - Special	491,492	8,379	499,871	499,871	
Tuition to Private Schools for the Handicapped - Within State	351,896	139,653	491,549	459,948	31,601
Total Undistributed Expenditures - Instruction	<u>4,567,647</u>	<u>150,632</u>	<u>4,718,279</u>	<u>4,686,678</u>	<u>31,601</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
<b>Health Services:</b>					
Salaries	\$ 130,752	\$ (2,475)	\$ 128,277	\$ 124,077	\$ 4,200
Purchased Professional and Technical Services	16,325		16,325	4,042	12,283
Supplies and Materials	4,750		4,750	646	4,104
<b>Total Health Services</b>	<u>151,827</u>	<u>(2,475)</u>	<u>149,352</u>	<u>128,765</u>	<u>20,587</u>
<b>Speech, OT, PT, and Related Services:</b>					
Salaries	155,206	18,407	173,613	173,613	
Purchased Professional-Educational Services	2,700	14,176	16,876	16,876	
Supplies and Materials	800		800	296	504
Other Objects	200		200		200
<b>Total Speech, OT, PT, and Related Services</b>	<u>158,906</u>	<u>32,583</u>	<u>191,489</u>	<u>190,785</u>	<u>704</u>
<b>Guidance:</b>					
Salaries of Other Professional Staff	150,192		150,192	146,009	4,183
Salaries of Secretarial and Clerical Assistants	23,189	715	23,904	23,904	
Other Purchased Services		518	518		518
Supplies and Materials	8,850		8,850	8,850	
Other Objects	2,100		2,100	1,000	1,100
<b>Total Guidance</b>	<u>184,331</u>	<u>1,233</u>	<u>185,564</u>	<u>179,763</u>	<u>5,801</u>
<b>Child Study Team:</b>					
Salaries of Other Professional Staff	323,848	(35,404)	288,444	288,444	
Salaries of Secretarial and Clerical Assistants	38,824	9,695	48,519	48,055	464
Purchased Professional - Educational Services	6,450	8,564	15,014	14,314	700
Other Purchased Professional and Technical Services	2,000	200	2,200	2,200	
Miscellaneous Purchased Services	372		372		372
Supplies and Materials	4,000	(925)	3,075	2,938	137
<b>Total Child Study Team</b>	<u>375,494</u>	<u>(17,870)</u>	<u>357,624</u>	<u>355,951</u>	<u>1,673</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	\$ 90,780	\$ 3,703	\$ 94,483	\$ 94,483	
Salaries of Other Professional Staff	102,451		102,451	93,550	\$ 8,901
Other Salaries	47,392	465	47,857	47,857	
Other Purchased Services	21,769	(3,461)	18,308	5,318	12,990
Supplies and Materials	1,000		1,000	399	601
Other Objects	1,500	500	2,000	1,174	826
Total Improvement of Instructional Services	<u>264,892</u>	<u>1,207</u>	<u>266,099</u>	<u>242,781</u>	<u>23,318</u>
Educational Media Services/School Library:					
Salaries	54,800	4,978	59,778	59,778	
Other Purchased Services	28,440	7,607	36,047	36,047	
Supplies and Materials	13,775	(7,375)	6,400	5,072	1,328
Other Objects	5,075	(699)	4,376	3,471	905
Total Educational Media Services/School Library	<u>102,090</u>	<u>4,511</u>	<u>106,601</u>	<u>104,368</u>	<u>2,233</u>
Instructional Staff Training Services:					
Purchased Professional-Educational Services	62,300	(22,000)	40,300	38,497	1,803
Total Instructional Staff Training Services	<u>62,300</u>	<u>(22,000)</u>	<u>40,300</u>	<u>38,497</u>	<u>1,803</u>
Support Services - General Administration:					
Salaries	225,677	13,574	239,251	239,251	
Legal Services	45,000	13,828	58,828	58,828	
Other Purchased Professional Services	15,945	5,055	21,000	20,968	32
Purchased Technical Services	12,440	(1,381)	11,059	10,650	409
Communications/Telephone	2,250		2,250	2,250	
Other Purchased Services	8,942	(5,928)	3,014	2,834	180
General Supplies	10,552	1,220	11,772	10,402	1,370
Miscellaneous Expenditures	8,305	500	8,805	8,128	677
Total Support Services - General Administration	<u>329,111</u>	<u>26,868</u>	<u>355,979</u>	<u>353,311</u>	<u>2,668</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 167,462	\$ 933	\$ 168,395	\$ 167,716	\$ 679
Salaries of Secretarial and Clerical Assistants	23,189	3,525	26,714	25,927	787
Other Purchased Services	300	280	580	451	129
Supplies and Materials	500		500	360	140
Other Objects	1,800	(286)	1,514	846	668
<b>Total Support Services - School Administration</b>	<u>193,251</u>	<u>4,452</u>	<u>197,703</u>	<u>195,300</u>	<u>2,403</u>
Central Services:					
Salaries	220,277	2,547	222,824	221,117	1,707
Purchased Professional Services		6,711	6,711	1,419	5,292
Miscellaneous Purchased Services	8,415	996	9,411	8,707	704
Supplies and Materials	2,550	269	2,819	2,385	434
<b>Total Central Services</b>	<u>231,242</u>	<u>10,523</u>	<u>241,765</u>	<u>233,628</u>	<u>8,137</u>
Required Maintenance for School Facilities:					
Salaries	123,539	(39)	123,500	123,207	293
Cleaning, Repair and Maintenance Services	73,256	(61)	73,195	43,528	29,667
General Supplies	8,000		8,000	7,928	72
Other Objects	5		5		5
<b>Total Required Maintenance for School Facilities</b>	<u>204,800</u>	<u>(100)</u>	<u>204,700</u>	<u>174,663</u>	<u>30,037</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Custodial Services:					
Salaries	\$ 238,840	\$ 1,357	\$ 240,197	\$ 229,004	\$ 11,193
Purchased Professional and Technical Services	20,800	(5,951)	14,849	6,210	8,639
Cleaning, Repair, and Maintenance Services	63,500	9,499	72,999	20,691	52,308
Other Purchased Property Services	19,300	510	19,810	19,810	
Insurance	57,200		57,200	55,132	2,068
Miscellaneous Purchased Services	2,372		2,372	1,406	966
General Supplies	31,078	6,177	37,255	24,896	12,359
Energy (Electricity)	250,000	(41,280)	208,720	166,644	42,076
Other Objects	10,000		10,000	10,000	
<b>Total Custodial Services</b>	<b>693,090</b>	<b>(29,688)</b>	<b>663,402</b>	<b>533,793</b>	<b>129,609</b>
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	38,093	2,900	40,993	40,993	
Management Fee - ESC & CTSA Transportation Program	9,652		9,652	9,652	
Contracted Services:					
Between Home and School - Vendors	450,677	(6,765)	443,912	438,044	5,868
Other than Between Home and School - Vendors	20,175	(10,667)	9,508	9,508	
Between Home and School - Joint Agreements	21,476	(6,582)	14,894	14,894	
Special Education Students - ECSs & CTSA	244,222	28,763	272,985	272,834	151
Aid in Lieu of Payments - Nonpublic Students	92,374	9,215	101,589	101,589	
Other Objects	1,800	(76)	1,724	1,724	
<b>Total Student Transportation Services</b>	<b>878,469</b>	<b>16,788</b>	<b>895,257</b>	<b>889,238</b>	<b>6,019</b>
Unallocated Benefits:					
Social Security Contributions	122,359		122,359	109,287	13,072
Other Retirement Contributions - PERS	115,000	1,094	116,094	116,094	
Unemployment Compensation	115,500	(95,832)	19,668		19,668
Workmen's Compensation	63,685	(8,715)	54,970	54,511	459

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Unallocated Benefits (Cont'd):					
Health Benefits	\$ 1,385,270	\$ (119,101)	\$ 1,266,169	\$ 1,232,278	\$ 33,891
Tuition Reimbursement	30,000		30,000	30,000	
Total Unallocated Benefits	<u>1,831,814</u>	<u>(222,554)</u>	<u>1,609,260</u>	<u>1,542,170</u>	<u>67,090</u>
On-Behalf Contributions:					
TPAF Pension Contributions (non-budgeted)				325,188	(325,188)
On-Behalf Post Retirement Contributions (non-budgeted)				367,706	(367,706)
Reimbursed TPAF Social Security Contributions (non-budgeted)				410,898	(410,898)
Total On-Behalf Contributions				<u>1,103,792</u>	<u>(1,103,792)</u>
Total Personal Services - Employee Benefits	<u>1,831,814</u>	<u>(222,554)</u>	<u>1,609,260</u>	<u>2,645,962</u>	<u>(1,036,702)</u>
Total Undistributed Expenses	<u>10,229,264</u>	<u>(45,890)</u>	<u>10,183,374</u>	<u>10,953,483</u>	<u>(770,109)</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>14,986,888</u>	<u>122,902</u>	<u>15,109,790</u>	<u>15,779,807</u>	<u>(670,017)</u>
<b>CAPITAL OUTLAY</b>					
Equipment:					
Undistributed Expenditures:					
Operation and Maintenance of Plant	40,539	(8,000)	32,539	32,208	331
Non-Instructional Service	52,376		52,376	41,689	10,687
Total Equipment	<u>92,915</u>	<u>(8,000)</u>	<u>84,915</u>	<u>73,897</u>	<u>11,018</u>
Facilities Acquisition and Construction Services:					
Other Purchased Professional and Technical Services	17,728	(2,000)	15,728	5,482	10,246
Total Facilities Acquisition and Construction Services	<u>17,728</u>	<u>(2,000)</u>	<u>15,728</u>	<u>5,482</u>	<u>10,246</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>110,643</u>	<u>(10,000)</u>	<u>100,643</u>	<u>79,379</u>	<u>21,264</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Transfer of Funds to Charter Schools	\$ 42,000	\$ 12,098	\$ 54,098	\$ 54,098	
TOTAL EXPENDITURES	<u>15,139,531</u>	<u>125,000</u>	<u>15,264,531</u>	<u>15,913,284</u>	<u>\$ (648,753)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(2,542)	(125,000)	(127,542)	312,277	439,819
Fund Balance, July 1	<u>1,187,688</u>		<u>1,187,688</u>	<u>1,187,688</u>	
Fund Balance, June 30	<u>\$ 1,185,146</u>	<u>\$ (125,000)</u>	<u>\$ 1,060,146</u>	<u>\$ 1,499,965</u>	<u>\$ 439,819</u>
 <u>Recapitulation:</u>					
Restricted:					
Capital Reserve Account				\$ 381,450	
Maintenance Reserve Account				523,337	
Assigned:					
Year-end Encumbrances				213,511	
Unassigned				<u>381,667</u>	
				1,499,965	
Reconciliation to Governmental Funds Statement (GAAP):					
State Aid Payments not Recognized on GAAP Basis				<u>(63,013)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,436,952</u>	

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Local Sources		\$ 10,928	\$ 10,928	\$ 10,691	\$ (237)
State Sources	\$ 25,862	1,408	27,270	26,350	(920)
Federal Sources	132,222	184,294	316,516	301,754	(14,762)
<b>Total Revenue</b>	<b>158,084</b>	<b>196,630</b>	<b>354,714</b>	<b>338,795</b>	<b>(15,919)</b>
Expenditures:					
Instruction:					
Salaries of Teachers	100,535	20,864	121,399	121,399	
Other Salaries for Instruction	9,957	5,476	15,433	14,846	587
Tuition		131,932	131,932	129,569	2,363
General Supplies	2,793	11,560	14,353	13,640	713
Textbooks	7,276	967	8,243	8,243	
Other Objects		3,081	3,081	3,081	
<b>Total Instruction</b>	<b>120,561</b>	<b>173,880</b>	<b>294,441</b>	<b>290,778</b>	<b>3,663</b>
Support Services:					
Salaries of Other Professional Staff	3,442	8,175	11,617	11,617	
Other Salaries	8,629	2,812	11,441	10,871	570
Personal Services- Employee Benefits	7,959	6,582	14,541	14,541	
Other Purchased Services	17,041	5,633	22,674	10,988	11,686
Supplies and Materials	452	(452)			
<b>Total Support Services</b>	<b>37,523</b>	<b>22,750</b>	<b>60,273</b>	<b>48,017</b>	<b>12,256</b>
<b>Total Expenditures</b>	<b>158,084</b>	<b>196,630</b>	<b>354,714</b>	<b>338,795</b>	<b>15,919</b>
<b>Excess (Deficiency) of Revenue Over (Under) Expenditures</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

Note A - 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	\$ 16,225,561	\$ 338,795
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, Whereas the GAAP Basis does not		
Current Year Encumbrances		(4,643)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	49,916	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(63,013)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 16,212,464	\$ 334,152
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 15,913,284	\$ 338,795
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:		
Current Year Encumbrances		(4,643)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 15,913,284	\$ 334,152

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISION SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2013 was submitted to the County office and was approved by the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Local Programs	Nonpublic			Nonpublic Handicapped Services		
		Nursing	Textbooks	Technology	Supplementary Instruction	Examination and Classification	Corrective Speech
REVENUES:							
Local Sources	\$ 10,691						
State Sources		\$ 10,871	\$ 8,243	\$ 3,081	\$ 1,388	\$ 1,752	\$ 1,015
Federal Sources							
Total Revenues	10,691	10,871	8,243	3,081	1,388	1,752	1,015
EXPENDITURES:							
Instruction:							
Salaries of Teachers							
Other Salaries for Instruction	10,691				1,388	1,752	1,015
Tuition							
General Supplies							
Textbooks			8,243				
Other Objects				3,081			
Total Instruction	10,691		8,243	3,081	1,388	1,752	1,015
Support Services:							
Salaries of Other Professional Staff							
Other Salaries		10,871					
Personal Services - Employee Benefits							
Other Purchased Services							
Total Support Services		10,871					
Total Expenditures	\$ 10,691	\$ 10,871	\$ 8,243	\$ 3,081	\$ 1,388	\$ 1,752	\$ 1,015

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	I.D.E.A.		No Child Left Behind			Totals
	Part B Basic	Part B Preschool	Title I	Title III	Title IIA	
<b>REVENUES:</b>						
Local Sources						\$ 10,691
State Sources						26,350
Federal Sources	\$ 235,992	\$ 12,785	\$ 15,932	\$ 10,847	\$ 26,198	301,754
Total Revenues	235,992	12,785	15,932	10,847	26,198	338,795
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers	86,204		14,800		20,395	121,399
Other Salaries for Instruction						14,846
Tuition	129,569					129,569
General Supplies	2,514	279		10,847		13,640
Textbooks						8,243
Other Objects						3,081
Total Instruction	218,287	279	14,800	10,847	20,395	290,778
Support Services:						
Salaries of Other Professional Staff		11,617				11,617
Other Salaries						10,871
Personal Services - Employee Benefits	8,439	889	1,132		4,081	14,541
Other Purchased Services	9,266				1,722	10,988
Total Support Services	17,705	12,506	1,132		5,803	48,017
Total Expenditures	\$ 235,992	\$ 12,785	\$ 15,932	\$ 10,847	\$ 26,198	\$ 338,795

CAPITAL PROJECTS FUND  
(NOT APPLICABLE)

PROPRIETARY FUNDS

Exhibit G-1

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2013

ASSETS:

## Current Assets:

Cash and Cash Equivalents	\$ 56,066
Intergovernmental Accounts Receivable:	
State	148
Federal	2,540
Inventories	524

Total Current Assets	<u>59,278</u>
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## Non-Current Assets:

Capital Assets	177,150
Less: Accumulated Depreciation	<u>(134,428)</u>

Total Non-Current Assets	<u>42,722</u>
--------------------------	---------------

Total Assets	<u>102,000</u>
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LIABILITIES:

## Current Liabilities:

Accounts Payable	12,960
Unearned Revenue	<u>7,278</u>

Total Liabilities	<u>20,238</u>
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NET POSITION:

Net Investment in Capital Assets	42,722
Unrestricted	<u>39,040</u>

Total Net Position	<u>\$ 81,762</u>
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Exhibit G-2

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 110,940
Daily Sales - Non-Reimbursable Programs	78,182
Miscellaneous Revenue	94
	<hr/>
Total Operating Revenue	189,216
	<hr/>
Operating Expenses:	
Cost of Sales	105,487
Salaries, Benefits and Payroll Taxes	88,710
Supplies, Insurance and Other Costs	1,626
Management Fee	9,030
Depreciation Expense	5,898
Miscellaneous Expense	739
	<hr/>
Total Operating Expenses	211,490
	<hr/>
Operating Loss	(22,274)
	<hr/>
Non-Operating Income:	
Interest Income	20
State Sources:	
State School Lunch Program	1,993
Federal Sources:	
National School Lunch Program	33,368
Food Distribution Program	12,927
	<hr/>
Total Non-Operating Income	48,308
	<hr/>
Change in Net Position	26,034
	<hr/>
Net Position - Beginning of Year	55,728
	<hr/>
Net Position - End of Year	\$ 81,762
	<hr/> <hr/>

## Exhibit G-3

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 189,216
Payments to Food Service Contractor	(171,024)
Net Cash Provided by Operating Activities	<u>18,192</u>
Cash Flows from Financing Activities:	
Interest Income	20
Net Cash Provided by Financing Activities	<u>20</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(18,750)
Net Cash Used for Capital and Related Financing Activities:	<u>(18,750)</u>
Cash Flows by Noncapital Financing Activities:	
State Sources	1,972
Federal Sources	32,483
Net Cash Provided by Noncapital Financing Activities	<u>34,455</u>
Net Increase in Cash and Cash Equivalents	33,917
Cash and Cash Equivalents, July 1	<u>22,149</u>
Cash and Cash Equivalents, June 30	<u>\$ 56,066</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating Loss	\$ (22,274)
Adjustment to Reconcile Operating Loss to Cash Provided by Operating Activities:	
Depreciation	5,898
Food Distribution Program	12,927
Changes in Assets and Liabilities:	
Decrease in Inventory	3,590
Increase in Unearned Revenue	5,091
Increase in Accounts Payable	12,960
Net Cash Provided by Operating Activities	<u>\$ 18,192</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program Valued at \$10,978 and Utilized Commodities Valued at \$12,927.

FIDUCIARY FUNDS

Exhibit H-1

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2013

	<u>Agency</u>		<u>Total Agency</u>	<u>Unemployment Compensation Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>		
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 14,167	\$ 128,110	\$ 142,277	\$ 25,034
Total Assets	<u>14,167</u>	<u>128,110</u>	<u>142,277</u>	<u>25,034</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings		73,702	73,702	
Accrued Salaries and Wages		54,408	54,408	
Due to Student Groups	<u>14,167</u>		<u>14,167</u>	
Total Liabilities	<u>14,167</u>	<u>128,110</u>	<u>142,277</u>	
<u>NET POSITION:</u>				
Held in Trust for Unemployment Claims				<u>25,034</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 25,034</u>

## Exhibit H-2

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Unemployment Compensation Trust</u>
<b>ADDITIONS:</b>	
Contributions:	
Plan Members	\$ 10,390
Total Contributions	<u>10,390</u>
Investment Earnings:	
Interest	<u>13</u>
Net Investment Earnings	<u>13</u>
Total Additions	<u>10,403</u>
<b>DEDUCTIONS:</b>	
Unemployment Claims	<u>18,400</u>
Total Deductions	<u>18,400</u>
Change in Net Position	(7,997)
Net Position - Beginning of the Year	<u>33,031</u>
Net Position - End of the Year	<u><u>\$ 25,034</u></u>

Exhibit H-3

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 15,674	\$ 98,993	\$ 100,500	\$ 14,167
Total Assets	<u>\$ 15,674</u>	<u>\$ 98,993</u>	<u>\$ 100,500</u>	<u>\$ 14,167</u>
 <u>LIABILITIES:</u>				
Due to Student Groups	\$ 15,674	\$ 98,993	\$ 100,500	\$ 14,167
Total Liabilities	<u>\$ 15,674</u>	<u>\$ 98,993</u>	<u>\$ 100,500</u>	<u>\$ 14,167</u>

Exhibit H-4

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 01, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 116,061	\$ 13,307,322	\$ 13,295,273	\$ 128,110
Total Assets	<u>\$ 116,061</u>	<u>\$ 13,307,322</u>	<u>\$ 13,295,273</u>	<u>\$ 128,110</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 50,626	\$ 13,252,064	\$ 13,228,988	\$ 73,702
Accrued Salaries and Wages	<u>65,435</u>	<u>55,258</u>	<u>66,285</u>	<u>54,408</u>
Total Liabilities	<u>\$ 116,061</u>	<u>\$ 13,307,322</u>	<u>\$ 13,295,273</u>	<u>\$ 128,110</u>

LONG-TERM DEBT

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2013		Interest Rate	Balance	Matured	Balance
			Date	Amount		July 1, 2012		June 30, 2013
Refunding Bonds Series 2005	9/1/05	\$ 5,410,000	3/1/14	\$ 735,000	4.00%	\$ 4,720,000	\$ 710,000	\$ 4,010,000
			3/1/15	765,000	4.50%			
			3/1/16	805,000	4.00%			
			3/1/17	835,000	4.00%			
			3/1/18	870,000	4.00%			
						<u>\$ 4,720,000</u>	<u>\$ 710,000</u>	<u>\$ 4,010,000</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 906,550		\$ 906,550	\$ 906,550	
Total Revenues	<u>906,550</u>		<u>906,550</u>	<u>906,550</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	196,550		196,550	196,550	
Redemption of Principal	<u>710,000</u>		<u>710,000</u>	<u>710,000</u>	
Total Regular Debt Service	<u>906,550</u>		<u>906,550</u>	<u>906,550</u>	
Total Expenditures	<u>906,550</u>		<u>906,550</u>	<u>906,550</u>	
Excess/(Deficit) of Revenues Over/(Under) Expenditures					
Fund Balance, July 1	<u>-0-</u>		<u>-0-</u>	<u>-0-</u>	
Fund Balance, June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

STATISTICAL SECTION

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 3,282,964	\$ 3,635,867	\$ 4,157,984	\$ 4,677,316	\$ 5,139,345	\$ 5,730,154	\$ 6,297,694	\$ 6,460,418	\$ 6,422,827	\$ 6,718,123
Restricted	177,271	325,268	431,440	206,051	608,173	464,255	416,445	461,183	931,445	904,787
Unrestricted/(Deficit)	(9,340)	(287,246)	(202,857)	78,050	180,498	58,091	94,721	178,069	39,707	409,835
<b>Total Governmental Activities Net Position</b>	<b>\$ 3,450,895</b>	<b>\$ 3,673,889</b>	<b>\$ 4,386,567</b>	<b>\$ 4,961,417</b>	<b>\$ 5,928,016</b>	<b>\$ 6,252,500</b>	<b>\$ 6,808,860</b>	<b>\$ 7,099,670</b>	<b>\$ 7,393,979</b>	<b>\$ 8,032,745</b>
<b>Business-type Activities</b>										
Net Investment in Capital Assets	\$ 4,141	\$ 2,741	\$ 2,293	\$ 2,119	\$ 1,946	\$ 1,772	\$ 43,013	\$ 37,146	\$ 29,870	\$ 42,722
Unrestricted/(Deficit)	3,840	4,524	3,951	6,315	1,007	(844)	8,884	39,841	25,858	39,040
<b>Total Business-type Activities Net Position</b>	<b>\$ 7,981</b>	<b>\$ 7,265</b>	<b>\$ 6,244</b>	<b>\$ 8,434</b>	<b>\$ 2,953</b>	<b>\$ 928</b>	<b>\$ 51,897</b>	<b>\$ 76,987</b>	<b>\$ 55,728</b>	<b>\$ 81,762</b>
<b>District-wide</b>										
Net Investment in Capital Assets	\$ 3,287,105	\$ 3,638,608	\$ 4,160,277	\$ 4,679,435	\$ 5,141,291	\$ 5,731,926	\$ 6,340,707	\$ 6,497,564	\$ 6,452,697	\$ 6,760,845
Restricted	177,271	325,269	431,440	206,051	608,173	464,255	416,445	461,183	931,445	904,787
Unrestricted/(Deficit)	(5,500)	(282,722)	(198,906)	84,365	181,505	57,247	103,605	217,910	65,565	448,875
<b>Total District Net Position</b>	<b>\$ 3,458,876</b>	<b>\$ 3,681,155</b>	<b>\$ 4,392,811</b>	<b>\$ 4,969,851</b>	<b>\$ 5,930,969</b>	<b>\$ 6,253,428</b>	<b>\$ 6,860,757</b>	<b>\$ 7,176,657</b>	<b>\$ 7,449,707</b>	<b>\$ 8,114,507</b>

Source: School District Financial Reports

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED  
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 4,185,002	\$ 4,487,500	\$ 4,349,373	\$ 4,928,652	\$ 4,857,849	\$ 4,759,213	\$ 4,731,791	\$ 4,807,056	\$ 5,370,216	\$ 5,046,006
Special Education	677,930	657,987	803,777	897,589	1,012,527	1,269,017	1,617,647	1,581,945	1,726,008	1,852,500
Other Special Education						118,262	117,258	127,163	74,744	81,846
School Sponsored/Other Instruction	357,291	391,577	381,521	276,806	269,870	121,663	121,531	94,854	118,448	115,608
Support Services:										
Tuition	3,086,721	3,849,508	3,991,022	4,087,882	4,826,546	4,889,576	4,945,958	4,358,312	4,317,468	4,686,678
Student & Instruction Related Services	1,112,957	1,146,110	1,300,958	1,490,383	1,733,939	1,570,395	1,520,424	1,500,130	1,604,797	1,631,443
General Administrative Services	641,359	590,093	560,020	608,824	502,513	438,952	440,842	412,387	504,614	434,693
School Administrative Services	284,081	250,168	300,487	274,823	274,429	259,964	265,591	252,216	269,402	279,767
Central Services					308,760	316,140	303,084	301,138	315,125	314,776
Plant Operations and Maintenance	941,445	984,913	1,030,388	1,088,404	999,368	928,623	1,128,254	984,044	1,051,292	789,651
Pupil Transportation	676,903	775,892	849,671	952,921	952,223	998,591	934,454	875,911	815,895	898,694
Transfer of Funds to Charter School	11,540	10,659								
Interest on Long-term Debt	564,826	529,755	414,835	387,989	412,651	330,251	285,662	244,709	215,017	186,725
Capital Outlay								34,700	57,125	42,454
Unallocated						377,872	435,634	440,149	174,536	453,559
Total Governmental Activities Expenses	12,540,055	13,674,162	13,982,052	14,994,273	16,150,675	16,378,519	16,848,131	16,014,714	16,614,687	16,814,400
Business-type Activities:										
Food Service	166,471	179,290	184,896	172,904	196,636	195,296	216,413	201,431	214,214	211,490
Total Business-type Activities Expense	166,471	179,290	184,896	172,904	196,636	195,296	216,413	201,431	214,214	211,490
Total District Expenses	12,706,526	13,853,452	14,166,948	15,167,177	16,347,311	16,573,815	17,064,544	16,216,145	16,828,901	17,025,890
Program Revenues										
Governmental Activities:										
Charges for Services					41,958					
Operating Grants and Contributions	2,121,189	1,136,618	1,110,760	834,947	1,774,891	1,820,845	2,082,668	1,349,232	1,733,460	2,214,136
Capital Grants and Contributions							65,300			
Total Governmental Activities Program Revenues	2,121,189	1,136,618	1,110,760	834,947	1,816,849	1,820,845	2,147,968	1,349,232	1,733,460	2,214,136
Business-type Activities:										
Charges for Services										
Food Service	139,838	145,775	155,207	146,315	158,762	162,545	177,448	182,651	148,521	189,122
Operating Grants and Contributions	27,516	32,784	28,659	28,768	32,383	30,714	42,811	43,860	44,229	48,288
Total Business-type Activities Program Revenues	167,354	178,559	183,866	175,083	191,145	193,259	220,259	226,511	192,750	237,410
Total District Program Revenues	2,288,543	1,315,177	1,294,626	1,010,030	2,007,994	2,014,104	2,368,227	1,575,743	1,926,210	2,451,546
Net (Expense)/Revenue										
Governmental Activities	(10,418,866)	(12,537,544)	(12,871,292)	(14,159,326)	(14,333,826)	(14,557,674)	(14,700,162)	(14,665,482)	(14,881,227)	(14,600,264)
Business-type Activities	884	(731)	(1,030)	2,180	(5,491)	(2,037)	3,846	25,080	(21,464)	25,920
Total District-wide Net Expense	(10,417,982)	(12,538,275)	(12,872,322)	(14,157,146)	(14,339,317)	(14,559,711)	(14,696,316)	(14,640,402)	(14,902,691)	(14,574,344)

**BEDMINSTER TOWNSHIP SCHOOL DISTRICT**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**  
*(accrual basis of accounting)*  
(Continued)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 10,216,887	\$ 11,178,584	\$ 11,703,040	\$ 12,123,393	\$ 13,186,787	\$ 13,426,744	\$ 13,781,370	\$ 13,934,431	\$ 13,751,604	\$ 13,998,445
Taxes Levied for Debt Service	736,479	1,306,868	1,184,592	1,271,713	1,241,822	1,269,827	1,276,025	904,938	904,250	906,550
Federal and State aid not restricted	45,867	518,525	695,347	1,273,094	744,208	85,201	71,993	6,347		
Tuition	5,250		12,749	34,551		4,485	43,669	7,250	129,159	104,851
Investment Earnings	18,068	33,238	63,520	53,248	80,599	27,319	8,656			
Miscellaneous Income	37,688	25,943	69,692	46,052	47,008	68,582	74,809	103,326	390,523	229,184
Defeased Bonds			(80,000)							
Disposal of Assets			(65,070)	(67,775)						
Prior Year Adjustment - Capital Lease		(151,013)								
<b>Total Governmental Activities</b>	<b>11,060,239</b>	<b>12,912,145</b>	<b>13,583,870</b>	<b>14,734,276</b>	<b>15,300,424</b>	<b>14,882,158</b>	<b>15,256,522</b>	<b>14,956,292</b>	<b>15,175,536</b>	<b>15,239,030</b>
Business-type Activities:										
Appraisal Adjustment							47,108			
Investment Earnings	15	14	8	10	10	12	15	10	205	114
<b>Total Business-type Activities</b>	<b>15</b>	<b>14</b>	<b>8</b>	<b>10</b>	<b>10</b>	<b>12</b>	<b>47,123</b>	<b>10</b>	<b>205</b>	<b>114</b>
<b>Total District-wide</b>	<b>11,060,254</b>	<b>12,912,159</b>	<b>13,583,878</b>	<b>14,734,286</b>	<b>15,300,434</b>	<b>14,882,170</b>	<b>15,303,645</b>	<b>14,956,302</b>	<b>15,175,741</b>	<b>15,239,144</b>
Change in Net Position										
Governmental Activities	641,373	374,600	712,578	574,950	966,598	324,484	556,360	290,810	294,309	638,766
Business-type Activities	899	(715)	(1,022)	2,190	(5,480)	(2,025)	50,969	25,090	(21,259)	26,034
<b>Total District</b>	<b>\$ 642,272</b>	<b>\$ 373,885</b>	<b>\$ 711,556</b>	<b>\$ 577,140</b>	<b>\$ 961,118</b>	<b>\$ 322,459</b>	<b>\$ 607,329</b>	<b>\$ 315,900</b>	<b>\$ 273,050</b>	<b>\$ 664,800</b>

Source: School District Financial Reports

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved/ Restricted	\$ 206,411	\$ 372,301	\$ 529,254	\$ 265,140	\$ 723,092	\$ 464,255	\$ 416,445	\$ 461,183	\$ 931,445	\$ 904,787
Assigned								24,000	170	213,511
Unassigned								274,759	206,157	318,654
Unreserved	<u>299,517</u>	<u>285,666</u>	<u>130,524</u>	<u>222,017</u>	<u>291,040</u>	<u>230,119</u>	<u>262,018</u>			
Total General Fund	<u>\$ 505,928</u>	<u>\$ 657,967</u>	<u>\$ 659,778</u>	<u>\$ 487,157</u>	<u>\$ 1,014,132</u>	<u>\$ 694,374</u>	<u>\$ 678,463</u>	<u>\$ 759,942</u>	<u>\$ 1,137,772</u>	<u>\$ 1,436,952</u>
All Other Governmental Funds										
Unreserved, Reported in:										
Capital Projects Fund	\$ 151,483	\$ 2,097								
Debt Service Fund		119,380	\$ 29,878	\$ 29,888	\$ 10					
Total All Other Governmental Funds	<u>\$ 151,483</u>	<u>\$ 121,477</u>	<u>\$ 29,878</u>	<u>\$ 29,888</u>	<u>\$ 10</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Total Governmental Funds	<u>\$ 657,411</u>	<u>\$ 779,444</u>	<u>\$ 689,656</u>	<u>\$ 517,045</u>	<u>\$ 1,014,142</u>	<u>\$ 694,374</u>	<u>\$ 678,463</u>	<u>\$ 759,942</u>	<u>\$ 1,137,772</u>	<u>\$ 1,436,952</u>

Source: School District Financial Reports

**BEDMINSTER TOWNSHIP SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**  
*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Tax Levy	\$ 11,518,192	\$ 12,485,452	\$ 12,887,632	\$ 13,395,106	\$ 14,428,609	\$ 14,696,571	\$ 15,057,395	\$ 14,839,369	\$ 14,655,854	\$ 14,904,995
Tuition Charges	5,250		12,749	34,551	41,958	4,485	43,669	7,250	129,159	104,851
Interest Earnings	18,068	33,238	63,520	53,248	80,599	27,319	5	11	1,703	1,724
Miscellaneous	44,171	25,942	69,693	46,052	47,007	69,153	91,159	113,963	414,912	237,042
Local Sources					9,361					
State Sources	1,419,416	1,413,868	1,593,565	1,892,002	2,278,322	1,678,282	1,785,081	1,170,365	1,481,688	1,906,334
Federal Sources	176,330	241,275	212,541	216,039	231,416	227,193	427,181	174,568	225,680	298,220
<b>Total Revenue</b>	<b>13,181,427</b>	<b>14,199,775</b>	<b>14,839,700</b>	<b>15,636,998</b>	<b>17,117,272</b>	<b>16,703,003</b>	<b>17,404,490</b>	<b>16,305,526</b>	<b>16,908,996</b>	<b>17,453,166</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	2,836,544	3,110,560	3,119,878	3,324,120	3,391,429	3,632,591	3,498,716	3,557,795	3,393,370	3,574,805
Special Education Instruction	535,883	514,444	625,964	675,767	704,247	1,013,485	1,331,108	1,208,830	1,300,027	1,382,603
Other Special Instruction	348,238	391,577	381,521	276,806	102,239	88,486	84,904	91,785	52,256	57,202
School Sponsored/Other Instruction					100,802	108,876	107,015	81,565	99,771	99,361
<b>Support Services:</b>										
Tuition	3,086,721	3,849,508	3,991,022	4,087,882	4,826,546	4,889,576	4,945,958	4,358,312	4,317,468	4,686,678
Student & Other Instruction Related Services	893,260	945,373	972,421	1,079,398	1,294,867	1,251,398	1,180,687	1,173,875	1,211,877	1,287,415
General Administration Services	570,336	526,220	510,164	547,889	390,959	367,790	343,743	330,199	409,190	353,311
School Administrative Services	236,732	207,586	236,509	194,379	187,406	201,846	171,901	195,371	189,059	195,300
Central Services					224,942	235,966	242,573	225,594	232,179	233,628
Plant Operations and Maintenance	815,172	820,079	879,711	876,847	891,368	872,366	1,050,504	901,209	947,379	708,456
Student Transportation	664,358	744,298	812,781	905,136	911,414	984,084	911,157	846,898	814,534	889,238
Unallocated Benefits	1,559,444	1,579,698	1,844,502	2,389,218	2,261,145	2,015,662	2,200,810	2,312,976	2,557,507	2,645,962
Charter School	11,540	10,659								54,098
Capital Outlay	211,565	70,872	279,363	180,462	61,111	90,808	75,300	34,700	102,299	79,379
<b>Debt Service:</b>										
Principal	725,000	765,000	820,000	845,000	885,000	925,000	975,000	650,000	680,000	710,000
Interest and Other Charges	576,305	541,868	455,652	426,704	386,701	344,838	301,025	254,938	224,250	196,550
<b>Total Expenditures</b>	<b>13,071,098</b>	<b>14,077,742</b>	<b>14,929,488</b>	<b>15,809,608</b>	<b>16,620,176</b>	<b>17,022,772</b>	<b>17,420,401</b>	<b>16,224,047</b>	<b>16,531,166</b>	<b>17,153,986</b>
<b>Excess/(Deficit) of Revenues</b>										
Over/(Under) Expenditures	110,330	122,033	(89,788)	(172,610)	497,097	(319,769)	(15,911)	81,479	377,830	299,180
<b>Other Financing Sources/(Uses)</b>										
Transfers in	2,291	119,379	3,657							
Transfers out	(2,291)	(119,379)	(3,657)							
<b>Total Other Financing Sources/(Uses)</b>										
<b>Net Change in Fund Balances</b>	<b>\$ 110,330</b>	<b>\$ 122,033</b>	<b>\$ (89,788)</b>	<b>\$ (172,610)</b>	<b>\$ 497,097</b>	<b>\$ (319,769)</b>	<b>\$ (15,911)</b>	<b>\$ 81,479</b>	<b>\$ 377,830</b>	<b>\$ 299,180</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>10.12%</b>	<b>9.33%</b>	<b>8.71%</b>	<b>8.14%</b>	<b>7.68%</b>	<b>7.50%</b>	<b>7.36%</b>	<b>5.59%</b>	<b>5.50%</b>	<b>5.31%</b>

Source: School District Financial Reports

Exhibit J-5

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(modified accrual basis of accounting)*

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2004	\$ 15,776	\$ 5,250	\$ 37,688	\$ 58,714
2005	33,238		19,952	53,190
2006	61,961	12,749	45,790	120,500
2007	53,248	34,551	46,051	133,850
2008	80,599	41,958	47,008	169,565
2009	27,319	4,485	68,582	100,386
2010	8,656	43,669	74,809	127,134
2011	7,417	7,250	95,909	110,576
2012	1,703	129,159	388,820	519,682
2013	1,724	104,851	227,460	334,035

Source: School District Financial Reports

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

<u>Year Ended</u> <u>December 31,</u>	<u>Vacant</u> <u>Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Total</u> <u>Assessed</u> <u>Value</u>	<u>Public</u> <u>Utilities</u> <sup>a</sup>	<u>Net Valuation</u> <u>Taxable</u>	<u>Total Direct</u> <u>School Tax</u> <u>Rate</u> <sup>b</sup>	<u>Estimated Actual</u> <u>(County</u> <u>Equalized Value)</u>
2003	\$ 18,408,100	\$ 1,151,834,380	\$ 324,292,356	\$ 522,611,824		\$ 2,017,146,660	\$ 7,705,089	\$ 2,024,851,749	0.569	\$ 1,947,695,159
2004	16,606,000	1,149,658,380	338,870,335	528,061,924		2,033,196,639	7,524,440	2,040,721,079	0.612	2,132,188,733
2005	17,757,400	1,334,556,800	387,838,145	471,686,700		2,211,839,045	8,035,633	2,219,874,678	0.581	2,319,215,418
2006	17,850,300	1,479,391,300	439,081,900	498,289,500	\$ 420,000	2,435,033,000	7,864,955	2,442,897,955	0.548	2,496,502,481
2007	14,943,900	1,570,628,976	471,823,680	546,437,200	450,000	2,604,283,756	6,964,130	2,611,247,886	0.553	2,681,711,662
2008	14,810,200	1,558,141,100	480,274,643	603,963,600	470,000	2,657,659,543	7,529,670	2,665,189,213	0.551	2,749,451,959
2009	13,796,300	1,491,105,140	464,766,643	582,479,200	470,000	2,552,617,283	8,045,717	2,560,663,000	0.590	2,802,383,627
2010	10,477,400	1,353,854,300	428,924,529	540,558,600	895,000	2,334,709,829	7,449,309	2,342,159,138	0.634	2,742,028,931
2011	10,209,400	1,354,168,500	436,404,429	514,189,700	895,000	2,315,867,029	7,053,748	2,322,920,777	0.631	2,686,712,367
2012	9,690,900	1,363,832,100	431,498,229	486,797,400	895,000	2,292,713,629	7,556,503	2,300,270,132	0.648	2,527,491,629

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100 of assessed value.

Exhibit J-7

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

Year Ended December 31,	School District of the Township of Bedminster Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Township of Bedminster	County of Somerset	
2003	\$ 0.505	\$ 0.064	\$ 0.569	\$ 0.210	\$ 0.369	\$ 1.15
2004	0.548	0.064	0.612	0.303	0.384	1.30
2005	0.522	0.059	0.581	0.261	0.357	1.20
2006	0.496	0.052	0.548	0.258	0.332	1.14
2007	0.505	0.048	0.553	0.250	0.312	1.12
2008	0.504	0.048	0.552	0.251	0.310	1.11
2009	0.539	0.051	0.590	0.270	0.320	1.18
2010	0.596	0.038	0.634	0.290	0.346	1.27
2011	0.592	0.039	0.631	0.296	0.339	1.27
2012	0.609	0.039	0.648	0.261	0.344	1.25

## Note:

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

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

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

Source: Municipal Tax Collector and School Business Administrator

## Exhibit J-8

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

Taxpayer	2013		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Metropolitan Tower Insurance Company	\$ 165,000,000	1	6.44%
Jaygrace Co. LLC	33,671,400	2	1.31%
Lamington Farm Club	30,874,200	3	1.00%
BIT Holdings	27,296,400	4	1.00%
MIRF Bedminster	25,677,000	5	1.07%
Hamilton Farm Golf Club	25,516,000	6	1.21%
EM Associates	19,869,400	7	0.78%
Crossroads Business Center	19,409,100	8	0.75%
S/K Bedminster One LLC	19,292,000	9	0.76%
Bedminster 2 Funding	10,952,700	10	0.43%
Total	<u>\$ 377,558,200</u>		<u>14.74%</u>

Taxpayer	2004		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value

**NOT AVAILABLE**

Exhibit J-9

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	\$ 10,953,366	\$ 10,953,366	100.00%	\$ -0-
2005	12,485,452	12,485,452	100.00%	-0-
2006	12,887,632	12,887,632	100.00%	-0-
2007	13,395,106	13,395,106	100.00%	-0-
2008	14,428,609	14,428,609	100.00%	-0-
2009	14,696,571	14,629,580	99.54%	66,991
2010	15,057,395	15,057,395	100.00%	-0-
2011	14,839,369	14,839,369	100.00%	-0-
2012	14,655,854	14,655,854	100.00%	-0-
2013	14,904,995	14,904,995	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities Capital Leases	Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Obligations Under Lease-Purchase Agreement	Bond Anticipation Notes (BANs)				
2005	\$ 10,420,000	\$ -0-	\$ 175,896	\$ -0-	\$ -0-	\$ 10,595,896	2.04%	\$ 1,281.55
2006	9,620,000	-0-	50,338	-0-	-0-	9,670,338	1.72%	1,168.34
2007	8,835,000	-0-	57,123	-0-	-0-	8,892,123	1.49%	1,073.02
2008	7,950,000	-0-	-0-	-0-	-0-	7,950,000	1.29%	957.14
2009	7,025,000	-0-	-0-	-0-	-0-	7,025,000	1.22%	837.51
2010	6,050,000	-0-	-0-	-0-	-0-	6,050,000	1.06%	739.43
2011	5,400,000	-0-	-0-	-0-	-0-	5,400,000	0.90%	658.38
2012	4,720,000	-0-	-0-	-0-	-0-	4,720,000	0.79%	575.33
2013	4,010,000	-0-	-0-	-0-	-0-	4,010,000	0.67%	488.79

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

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

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

Source: School District Financial Reports

Exhibit J-11

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation <sup>a</sup> Taxable	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2005	\$ 10,420,000	\$ -0-	\$ 10,420,000	0.47%	\$ 1,258.91
2006	9,620,000	-0-	9,620,000	0.39%	1,160.85
2007	8,835,000	-0-	8,835,000	0.34%	1,063.69
2008	7,950,000	-0-	7,950,000	0.30%	947.78
2009	7,025,000	-0-	7,025,000	0.27%	858.59
2010	6,050,000	-0-	6,050,000	0.26%	739.43
2011	5,400,000	-0-	5,400,000	0.23%	658.38
2012	4,720,000	-0-	4,720,000	0.20%	575.33
2013	4,010,000	-0-	4,010,000	0.17%	488.79

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

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

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

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

Source: School District Financial Reports

Exhibit J-12

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2012  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Township of Bedminster	\$ 5,834,448	100.00%	\$ 5,834,448
County of Somerset - Township's Share: General Obligation Debt	158,095,935	4.19%	<u>6,629,867</u>
Subtotal, Overlapping Debt			12,464,315
Township of Bedminster School District Direct Debt			<u>4,010,000</u>
Total Direct and Overlapping Debt			<u>\$ 16,474,315</u>

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

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

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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2013

Equalized valuation basis	
2010	2,679,263,058
2011	2,572,613,896
2012	<u>2,519,188,692</u>
	<u>\$7,771,065,646</u>
Average Equalized Valuation of Taxable Property	<u>\$2,590,355,215</u>
Debt Limit (3% of average equalization value)	\$ 77,710,656 <sup>a</sup>
Net Bonded School Debt	<u>4,010,000</u>
Legal Debt Margin	<u>\$ 73,700,656</u>

	Fiscal Year				
	2004	2005	2006	2007	2008
Debt Limit	\$ 57,332,025	\$ 63,202,616	\$ 68,542,786	\$ 74,252,097	\$ 78,499,907
Total Net Debt Applicable to Limit	<u>11,185,000</u>	<u>10,420,000</u>	<u>10,500,000</u>	<u>9,660,000</u>	<u>8,835,000</u>
Legal Debt Margin	<u>\$ 46,147,025</u>	<u>\$ 52,782,616</u>	<u>\$ 58,042,786</u>	<u>\$ 64,592,097</u>	<u>\$ 69,664,907</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	19.51%	16.49%	15.32%	13.01%	11.25%

	Fiscal Year				
	2009	2010	2011	2012	2013
Debt Limit	\$ 81,697,565	\$ 82,169,996	\$ 81,826,191	\$ 79,732,173	\$ 77,710,656
Total Net Debt Applicable to Limit	<u>7,025,000</u>	<u>6,050,000</u>	<u>5,400,000</u>	<u>4,720,000</u>	<u>4,010,000</u>
Legal Debt Margin	<u>\$ 74,672,565</u>	<u>\$ 76,119,996</u>	<u>\$ 76,426,191</u>	<u>\$ 75,012,173</u>	<u>\$ 73,700,656</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	8.60%	7.36%	6.60%	5.92%	5.16%

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

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

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

Year	Population <sup>a</sup>	Town of Bedminster Personal Income <sup>b</sup>	Somerset County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2004	8,276	\$ 498,786,244	\$ 60,269	3.00%
2005	8,268	518,486,280	62,710	2.50%
2006	8,277	563,167,080	68,040	2.70%
2007	8,287	596,788,305	72,015	2.40%
2008	8,306	616,271,976	74,196	3.20%
2009	8,388	576,700,164	68,753	5.70%
2010	8,182	571,807,252	69,886	5.70%
2011	8,202	598,836,222	73,011	5.60%
2012	8,204	598,982,244 *	73,011 *	7.40%
2013	8,204 **	598,982,244 *	73,011 *	N/A

\* - Latest Somerset County per capita personal income available (2011) was used for calculation purposes.

\*\* - Latest population data available (2012) was used for calculation purposes.

N/A - Not Available

Source:

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented

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

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

Exhibit J-15

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

Employer	2013		Percentage of Total Employment
	Employees	Rank	

INFORMATION NOT AVAILABLE

Employer	2004		Percentage of Total Employment
	Employees	Rank	

INFORMATION NOT AVAILABLE

N/A - Information is not available

Source: Somerset County Business Partnership Website

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Instruction								
Regular	51.5	46.7	47.7	47.5	48.5	47.1	44.0	45.0
Special Education	8.0	7.8	11.3	11.5	12.5	13.8	13.0	14.0
Other Instruction	8.0	8.5	10.0	10.0	9.8	11.0	11.0	11.0
Support Services:								
Student & Instruction Related Services	7.0	12.0	12.0	12.0	14.3	12.5	12.7	12.7
School Administrative Services	3.0	3.0	3.0	5.0	3.0	2.6	2.7	3.2
General and Business Administrative Services	2.5	2.5	2.5	2.5	2.5	2.1	2.1	2.1
Central Services	2.5	2.5	2.5	2.5	2.5	2.7	2.7	2.7
Administration Information Technology	1.0	1.0	1.0	1.5	2.0	2.9	2.0	2.0
Plant Operations and Maintenance	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Pupil Transportation	1.5	1.5	1.5	1.5	1.5	1.3	1.3	1.3
Total	<u>93.0</u>	<u>93.5</u>	<u>99.5</u>	<u>102.0</u>	<u>104.6</u>	<u>104.0</u>	<u>99.5</u>	<u>102.0</u>

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

Source: School District of the Township of Bedminster Personnel Records

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures<sup>a</sup></u>	<u>Cost Per Pupil<sup>d</sup></u>	<u>Percentage Change</u>	<u>Teaching Staff<sup>b</sup></u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)<sup>c</sup></u>	<u>Average Daily Attendance (ADA)<sup>c</sup></u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2004	591	\$ 11,558,228	\$ 19,557	49.27%	58	10:1	591	567	4.23%	96.01%
2005	610	12,700,002	20,820	6.46%	59	10:1	618	588	4.57%	95.10%
2006	585	13,374,473	22,862	9.81%	61	10:1	585	563	-5.34%	96.31%
2007	582	14,357,442	24,669	7.90%	61	10:1	568	544	-2.91%	95.70%
2008	593	15,287,364	25,780	4.50%	67	9:1	593	572	4.40%	96.41%
2009	606	15,662,126	25,845	0.25%	69	9:1	606	581	2.19%	95.94%
2010	591	16,069,076	27,190	5.20%	69	9:1	593	568	-2.15%	95.78%
2011	583	15,284,409	26,217	-3.58%	67	9:1	580	557	-2.19%	96.03%
2012	589	15,524,617	26,358	0.54%	63	9:1	589	566	1.55%	96.10%
2013	586	16,168,057	27,591	4.68%	60	10:1	586	562	-0.51%	95.90%

Source: District Records

Note: Enrollment based on annual October district count.

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

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>District Building</u>										
<u>Elementary- PreK-8</u>										
Bedminster Township School										
Square Feet	128,000	128,000	128,000	128,000	128,000	128,000	128,000	128,000	128,000	128,000
Capacity (students)	750	750	750	750	750	750	750	750	750	750
Enrollment	591	610	585	582	593	606	593	580	589	586
Number of Schools at June 30, 2013										
Elementary = 1										
(Includes Central Office)										

Source: District Facilities Office

Exhibit J-19

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

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Bedminster</u> <u>Elementary School</u>	<u>Total</u> <u>School Facilities</u>
2004	\$ 79,607	\$ 79,607
2005	159,107	159,107
2006	179,386	179,386
2007	255,400	255,400
2008	244,358	244,358
2009	183,390	183,390
2010	233,016	233,016
2011	216,549	216,549
2012	243,427	243,427
2013	174,663	174,663

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

Source: District Records

Exhibit J-20

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
AS OF JUNE 30, 2013  
UNAUDITED

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

Source: District's Records

SINGLE AUDIT



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax  
 Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

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

Independent Auditor's Report

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

We have audited, in accordance with the 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 prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bedminster Township School District, in the County of Somerset (the "District") as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 11, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

### **Compliance and Other Matters**

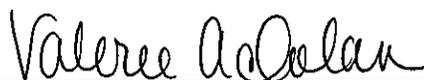
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

October 11, 2013  
Mount Arlington, New Jersey

NISIVOCCIA LLP



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Valerie A. Dolan  
Licensed Public School Accountant #2526  
Certified Public Accountant



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 200 Valley Road, Suite 300  
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Report on Compliance For Each Major State Program;  
 Report on Internal Control Over Compliance Required by OMB Circular A-133  
 and New Jersey OMB's Circular 04-04

Independent Auditor's Report

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

**Report on Compliance for Each Major State Program**

We have audited the Bedminster Township School District's (the "District's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on the District's major state program for the fiscal year ended June 30, 2013. The District's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

***Auditors' Responsibility***

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state program. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on Each Major State Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the fiscal year ended June 30, 2013.

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

### Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on its major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJOMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

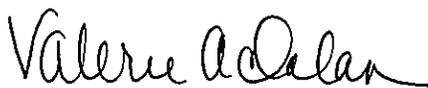
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of OMB Circular A-133 or NJOMB 04-04. Accordingly, this report is not suitable for any other purpose.

October 11, 2013  
Mount Arlington, New Jersey

NISIVOCCIA LLP



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Valerie A. Dolan  
Licensed Public School Accountant #2526  
Certified Public Accountant

**BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2012			Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2013		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor
<b>U.S. Department of Agriculture:</b>													
Passed-through State Department of Agriculture:													
Child Nutrition Cluster:													
Food Distribution Program	10.555	N/A	7/1/12-6/30/13	\$ 10,978			\$ 10,978	\$ (10,740)			\$ 238		
Food Distribution Program	10.555	N/A	7/1/11-6/30/12	14,622		\$ 2,187		(2,187)					
National School Lunch Program	10.555	N/A	7/1/12-6/30/13	33,368			30,828	(33,368)		\$ (2,540)			
National School Lunch Program	10.555	N/A	7/1/11-6/30/12	28,169	\$ (1,655)		1,655						
<b>Total Child Nutrition Cluster</b>					<b>(1,655)</b>	<b>2,187</b>	<b>43,461</b>	<b>(46,295)</b>		<b>(2,540)</b>	<b>238</b>		
<b>Total U.S. Department of Agriculture</b>					<b>(1,655)</b>	<b>2,187</b>	<b>43,461</b>	<b>(46,295)</b>		<b>(2,540)</b>	<b>238</b>		
<b>U.S. Department of Education:</b>													
Passed-through State Department of Education:													
No Child Left Behind:													
Title I	84.010A	NCLB546513	9/1/12-8/31/13	16,261			9,720	(15,932)			(6,212)		
Title I	84.010A	NCLB546512	9/1/11-8/31/12	13,641	(2,954)		2,954						
Title I	84.010A	NCLB546511	9/1/10-8/31/11	14,619	(1,840)		1,840						
Title I, Part A Disadvantage	84.010A	NCLB546502	9/1/01-8/31/02	17,925		\$ 293			\$ (293)				
Title IIA	84.367A	NCLB546513	9/1/12-8/31/13	26,198			19,602	(25,369)			(5,767)		
Title IIA	84.367A	NCLB546512	9/1/11-8/31/12	13,721		830		(830)					
Title III	84.365A	NCLB546513	9/1/12-8/31/13	11,231			8,038	(10,847)			(2,809)		
Special Education Cluster:													
I.D.E.A. Part B, Basic	84.027A	IDEA546513	9/1/12-8/31/13	249,339			132,476	(231,401)			(98,925)		
I.D.E.A. Part B, Basic	84.027A	IDEA546512	9/1/11-8/31/12	191,220	(72,193)		72,193						
I.D.E.A. Part B, Basic	84.027A	IDEA546511	9/1/10-8/31/11	180,042	(4,591)		4,591						
I.D.E.A. Part B, Basic	84.027A	IDEA546510	9/1/09-8/31/10	182,528		4,592		(4,592)					
I.D.E.A. Part B, Basic	84.027A	IDEA546508	9/1/07-8/31/08	190,708			1,413			(1,413)			
I.D.E.A. Part B, Basic	84.027A	IDEA546506	9/1/05-8/31/06	159,575			112			(112)			
I.D.E.A. Part B, Basic	84.027A	IDEA546505	9/1/04-8/31/05	152,147			7,362			(7,362)			
I.D.E.A. Part B, Preschool	84.173A	IDEA546513	9/1/12-8/31/13	13,847			6,314	(12,785)			(6,471)		
I.D.E.A. Part B, Preschool	84.173A	IDEA546505	9/1/04-8/31/05	4,616			1,753			(1,753)			
<b>Total Special Education Cluster</b>					<b>(76,784)</b>	<b>4,592</b>	<b>10,640</b>	<b>215,574</b>	<b>(248,778)</b>	<b>(10,640)</b>	<b>(105,396)</b>		
<b>Total U.S. Department of Education</b>					<b>(81,578)</b>	<b>5,422</b>	<b>10,933</b>	<b>257,728</b>	<b>(301,756)</b>	<b>(10,933)</b>	<b>(120,184)</b>		
<b>Total Federal Awards</b>					<b>\$ (83,233)</b>	<b>\$ 7,609</b>	<b>\$ 10,933</b>	<b>\$ 301,189</b>	<b>\$ (348,051)</b>	<b>\$ (10,933)</b>	<b>\$ (122,724)</b>	<b>\$ 238</b>	<b>\$ -0-</b>

N/A - Not Available

**BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2012			Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2013			MEMO Cumulative Total Expenditures	
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor				GAAP Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor		
<b>State Department of Education:</b>														
<b>General Fund State Aid:</b>														
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	\$ 96,233				\$ 86,915	\$ (96,233)				\$ (9,318)	\$ 96,233	
Special Education Categorical Aid	13-495-034-5130-089	7/1/12-6/30/13	489,512				442,115	(489,512)				(47,397)	489,512	
Security Aid	13-495-034-5130-084	7/1/12-6/30/13	65,057				58,758	(65,057)				(6,299)	65,057	
Extraordinary Special Education Costs Aid	13-100-034-5130-473	7/1/12-6/30/13	121,234					(121,234)			\$ (121,234)	(121,234)	121,234	
Reimbursed TPAF Social Security	13-495-034-5095-002	7/1/12-6/30/13	410,898				358,485	(410,898)			(52,413)	(52,413)	410,898	
Reimbursement of Nonpublic School Transportation Costs	13-495-034-5120-014	7/1/12-6/30/13	17,253					(17,253)			(17,253)	(17,253)	17,253	
Transportation Aid	12-495-034-5120-014	7/1/11-6/30/12	2,198	\$ (203)			203						2,198	
Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	473,887	(43,683)			43,683						473,887	
Security Aid	12-495-034-5120-084	7/1/11-6/30/12	65,413	(6,030)			6,030						65,413	
Extraordinary Special Education Costs Aid	12-100-034-5120-473	7/1/11-6/30/12	39,259	(39,259)			39,259						39,259	
Reimbursement of Nonpublic School Transportation Costs	12-495-034-5120-014	7/1/11-6/30/12	11,860	(11,860)			11,860						11,860	
Reimbursed TPAF Social Security	12-495-034-5095-002	7/1/11-6/30/12	387,942	(18,972)			18,972						387,942	
Subtotal - General Fund				(120,007)			1,066,280	(1,200,187)			(190,900)	(253,914)	2,180,746	
<b>Special Revenue Fund Aid:</b>														
Distance Learning Network Aid	02-100-034-5120-348	7/1/01-6/30/02	36,701				\$ 1,557		\$ (1,557)				1,557	
Nonpublic Auxiliary Services:														
English as a Second Language	11-100-034-5120-067	7/1/10-6/30/11	5,123				2,212					\$ 2,212	2,911	
Nonpublic Handicapped Services:														
Examination and Classification	13-100-034-5120-066	7/1/12-6/30/13	1,752				1,752	(1,752)					1,752	
Examination and Classification	11-100-034-5120-066	7/1/10-6/30/11	12,754				2,343					2,343	10,411	
Corrective Speech	13-100-034-5120-066	7/1/12-6/30/13	1,015				1,015	(1,015)					1,015	
Corrective Speech	11-100-034-5120-066	7/1/09-6/30/10	2,347				1,769					1,769	578	
Supplementary Instruction	13-100-034-5120-066	7/1/12-6/30/13	1,388				1,388	(1,388)					1,388	
Supplementary Instruction	11-100-034-5120-066	7/1/10-6/30/11	2,362				1,091					1,091	1,271	
N.J. Nonpublic Textbook Aid	13-100-034-5120-064	7/1/12-6/30/13	8,243				8,243	(8,243)					8,243	
N.J. Nonpublic Technology Initiative	13-100-034-5120-373	7/1/12-6/30/13	3,081				3,081	(3,081)					3,081	
N.J. Nonpublic Technology Initiative	10-100-034-5120-373	7/1/09-6/30/10	11,848				3,812					3,812	8,036	
N.J. Nonpublic Nursing	13-100-034-5120-070	7/1/12-6/30/13	11,441				11,441	(10,871)			\$ 570		10,871	
							12,784	(26,350)			570	11,227	51,114	
<b>Food Service Fund:</b>														
State School Lunch Program	13-100-010-3350-023	7/1/12-6/30/13	1,993				1,845	(1,993)			(148)	(148)	1,993	
State School Lunch Program	12-100-010-3350-023	7/1/11-6/30/12	2,148	(127)			127						2,148	
Subtotal - Food Service Fund				(127)			1,972	(1,993)			(148)	(148)	4,141	
<b>Total NJ Department of Education</b>				(120,134)		12,784	1,095,172	(1,228,530)	(1,557)	(191,048)	570	11,227	2,236,001	
<b>Total State Awards</b>				\$ (120,134)	\$ -0-	\$ 12,784	\$ 1,095,172	\$ (1,228,530)	\$ (1,557)	\$ (191,048)	\$ 570	\$ 11,227	\$ (254,062)	\$ 2,236,001

N/A- Not Available.

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

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Bedminster Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2013. The information in these schedules is presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$13,097) for the general fund and (\$4,643) for the special revenue fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and the special revenue funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf Post Retirement Contributions revenue of \$367,706 or the \$325,188 of TPAF Pension Contributions revenue. Revenue from federal and state awards are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,879,984	\$ 1,879,984
Special Revenue Fund	\$ 298,220	26,350	324,570
Food Service Fund	46,295	1,993	48,288
Total Awards	<u>\$ 344,515</u>	<u>\$ 1,908,327</u>	<u>\$ 2,252,842</u>

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2013.

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on compliance For Each Major State Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey OMB's Circular 04-04*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey OMB's Circular 04-04 or Section 510(a) of Federal OMB Circular A-133.
- The District was not subject to the single audit provisions of Federal OMB Circular A-133 for the fiscal year ended June 30, 2013 as federal grant expenditures were less than the single audit threshold of \$500,000 identified in the Circular.
- The District's major state program for the current fiscal year consisted of the following:

	<u>State</u> <u>Grant Number</u>	<u>Grant Period</u>	<u>Award</u> <u>Amount</u>	<u>Budgetary</u> <u>Expenditures</u>
<u>State:</u>				
Reimbursed TPAF Social Security	13-495-034-5095-002	7/1/12-6/30/13	\$ 410,898	\$ 410,898

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

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

BEDMINSTER TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Status of Prior Year Findings:

There were no prior year findings.