

**BRANCBURG TOWNSHIP
SCHOOL DISTRICT**

**Branchburg Township School District
Branchburg, New Jersey**

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

**Comprehensive Annual
Financial Report**

of the

Branchburg Township School District

Branchburg, New Jersey

For the Fiscal Year Ended June 30, 2013

Prepared by

Branchburg Township Board of Education

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INTRODUCTORY SECTION
(UNAUDITED)



BRANCHBURG TOWNSHIP SCHOOL DISTRICT

"Excellence in Education"

240 Baird Road • Branchburg, New Jersey 08876-4200 • FAX (908) 526-6144

November 22, 2013

Honorable President and
Members of the Board of Education
Branchburg Township School District
240 Baird Road
Branchburg, New Jersey 08876

Dear Board Members:

The comprehensive annual financial report of the Branchburg Township School District (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 (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections as follows:

- The Introductory Section includes this Letter of Transmittal, the District's Organizational Chart, Roster of Officials, and Consultants and Advisors.
- The Financial Section includes the Independent Auditors' Report, the Management's Discussion and Analysis, and the Basic Financial Statements, Notes, and other schedules that provide an overview of the District's financial position.
- The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.
- The Single Audit Section includes the Auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations. 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 State Local Governments, and nonprofit organizations", and the state Treasury Circular

Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments."

1. **REPORTING ENTITY AND ITS SERVICES:** Branchburg Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds and account groups of the District are included in this report. The Branchburg Township Board of Education and all its schools constitute the District's reporting entity.

The Branchburg Township School District provides a full range of educational services for pupils in grades Kindergarten through 8. Resident pupils in grades 9-12 attend Somerville High School on a tuition basis. The K-8 programs include regular, special education and enrichment instruction which offer a wide range of opportunities for pupils of varying abilities. The district also offers a pre-K special education program that accepts up to 40 parent paid regular education students.

The District had a K-8 enrollment of 1,696 during the 2012-2013 school year, a decrease of 41 students over the previous school year.

K - 8 ENROLLMENT		
<u>Year</u>	<u>Enrollment</u>	<u>Percent Changes</u>
2002-03	1,910	0.47 %
2003-04	1,948	1.99 %
2004-05	1,998	2.57 %
2005-06	1,959	(1.95%)
2006-07	1,950	(0.45%)
2007-08	1,897	(2.72%)
2008-09	1,829	(3.58%)
2009-10	1,825	(0.22%)
2010-11	1,796	(1.59%)
2011-12	1,737	(3.29%)
2012-13	1,696	(2.36%)

In addition to the aforementioned grades K-8 enrollment, the District had an additional 796 pupils in 2012-2013 who attended Somerville High School and out of district special education programs on a tuition basis.

For the 2012-13 school year, the district was configured as follows:

Whiton Elementary School (WES)	Grades pre K, 1, 2, 3
Stony Brook School (SBS)	Grades 4, 5
Branchburg Central Middle School (BCMS)	Grades 6, 7, 8

Based on demographic projections prepared in February 2011 by Whitehall Associates, the Board of Education determined that all four schools were no longer needed to meet

the district's projected growth in enrollment. On March 3, 2011 the Board of Education voted to request approval of the NJ Department of Education to close Old York School and on April 14, 2011, the New Jersey Department of Education approved the district's request. Beginning in September 2011, Whiton houses grades K-3, Stony Brook School houses grades 4 and 5, and the middle school continues to house grades 6-8.

2. 2012-2013 MAJOR INITIATIVES:

The Branchburg Township School District's vision is excellence in education and the District's mission is to inspire all students to learn, think, grow, and excel in life. The District wants to ensure that all children have access to excellent learning experiences that will prepare them to graduate from high ready to attend college (and beyond). In pursuit of this vision and mission, a great deal of the District's activity during the 2012-2013 school year centered on achievement of the district goals & actions. The goals and resulting actions are outlined below.

District Strategy Goal 1: Create a Focus on Learning

Redesign common formative or benchmark assessments to align with standards (essential learning targets), so every student at each grade level will attain the knowledge and skills necessary to support further learning, reducing the inconsistency amongst teachers and schools.

Objective 1.1:

At the beginning of each trimester or quarter, teachers at each grade level will work to improve the quality of their common formative assessments by aligning the questions to identified essential learning targets, which will be based upon the CCSS, NJCCCS 8.1 and NJCCCS 9.1.

Results:

1. BCMS Professional Learning Community (PLC) teams developed quarterly essential learning outcomes for students that are aligned to the CCSS. These have been posted to the school's website. Formative assessments have been developed as well.
2. SBS PLC teams have created common formative assessments for 1st and 2nd MP. Teams are looking at requirements for CCSS and the new evaluation system.
3. WES PLC teams (using the district's curriculum) identified writing skills required for mastery for each trimester. These benchmarks were published prior to the distribution of 1st trimester report cards.

Objective 1.2:

Provide opportunities for horizontal and vertical articulation to ensure academic success by meeting curricular standards.

Results:

1. BCMS horizontal teams meet 2x/cycle. Vertical articulation within school occurred once a month. Focus of meetings was on essential learning outcomes, formative assessments, and data reflection.
2. SBS PLC horizontal teams articulated on a weekly basis. Within the school, the teachers have articulated in terms of curriculum, essential learning outcomes, CCSS and student learning needs.
3. WES PLC horizontal teams meet 1x/cycle. Vertical articulation did not occur.
4. Cross school PLC articulation occurred on March 5, 2013.

District Strategy Goal 2: Build a Collaborative Culture

Develop a clearer understanding of the beliefs that would support PLCs; establish collective commitments necessary for success

Objective 2.1:

By December 15th, schools will develop a “building-wide” culture goal to address concerns found in results of the district performance scan.

Results:

1. In November, 2012, the District conducted a staff culture audit (District Performance Scan or DPS) to assess twelve key areas that are linked to high functioning collaborative learning environments.
2. During the District’s Administrative PLC meetings, the team unpacked the data and developed a schedule for each school to select the highest priority areas to address as a “building wide” culture goal
3. By the April 30th meeting, each school had developed “building-wide” culture goals for the 2013-2014 school year to address concerns found in the results of their district performance scan data.

Objective 2.2:

The Administrative PLC will assist the school leaders in addressing their goals.

Results:

1. Administrative PLC meetings held during the 2012-2013 school year occurred on: August 28th, September 28th, October 26th, November 29th, January 24th, February 22nd, and April 30th.
2. Administrative PLC meetings focused on assisting building administrators with leading PLCs in their buildings.
3. The District created “PLC meeting agenda” template for team’s use (to make sure that instruction and student learning is discussed at each meeting).
4. The District worked collaboratively to refine the DPS for our staff and coordinated its’ administration.

5. The District provided reflection questions and an outline for administrators' use in presenting data to staff and guiding staff in analyzing data results.
6. Based upon staff analysis, we assisted administrators in development of SMART goals.

District Strategy Goal 3: Organizational Conditions

Provide a solid foundation for the continuous improvement of effective practices and consistent implementation across the district.

Objective 3.1:

By Fall 2013, have an approved teacher and principal evaluation system in place.

Results:

1. District Evaluation Advisory Committee (DEAC) meetings held during the 2012-2013 school year took place on: August 27th, September 24th, October 1st, October 8th, January 8th, January 22nd, February 19th, and April 2nd.
2. On August 27th, the members of the DEAC reviewed current research on the impact of teacher performance on student achievement; the DEAC did a "jigsaw" review of the four approved evaluation models (by exploring research materials); the DEAC shared reflections of each model (strengths/areas of concern); the DEAC narrowed our search to two evaluation frameworks to further exploration.
3. On September 24th, the DEAC visited Alexandria Township Schools to meet with representatives who shared "first-hand" experiences regarding their use of the Stronge evaluation system.
4. On October 1st, a representative from Teachscape and the Superintendent from Watchung Hills Regional High School District spoke to the DEAC about the Danielson framework.
5. On October 8th, the DEAC reflected on strengths/concerns for both Stronge and Danielson. Following the meeting, we researched costs and sought out other testimonials from other educators who used either of the two frameworks.
6. Because of Superstorm Sandy, the DEAC conducted a "virtual" meeting in late October; by November 5th, the DEAC completed a consensus vote for the preferred model via an online survey tool ("surveymonkey").
7. The DEAC's recommendation was presented to the Board in November 2012.
8. The Board approved the Stronge evaluation tool for both teachers and administrators in November 2012.
9. On January 8, 2013, the DEAC planned the communication strategy to the staff and made plans for the initial staff training. Communications planning to the staff included:

- An introduction to the new evaluation system, with guest speaker, Mr. Anthony Fitzpatrick, Implementation Manager, Office of Evaluation (during January in-service day);
 - An email account was established to receive staff feedback/questions (DEAC@branchburg.k12.nj.us); and
 - Principals included information about the new evaluation system in their weekly newsletters.
10. On February 19, 2013, the DEAC reviewed the online observation and appraisal management system which is a tool to warehouse observation forms and completed documents. The DEAC also reviewed the plans for staff and administrative training on the Stronge Teacher & Educator Professional Evaluation System.
 11. Administrators were trained on the TEPES in December 2012; Inter-rater reliability training was conducted on April 23, 2013.
 12. On April 2nd, the DEAC reviewed the proposed regulations for AchieveNJ.
 13. The DEAC began a pilot group on April 4th. The purpose of the group is to better understand the components of quality assessments and use this understanding as content for Stronge document logs and evaluation tools.
 14. Stronge consultants conducted staff training on May 7th.
 15. The District planned an additional training day for staff (on development of SGOs) to occur in the Fall (October 2013).
 16. The District developed School Improvement Panels by May.

Objective 3.2:

Ensure proper allocation and deployment (and capacity building) of resources (financial, human, and technology) for the successful implementation of task.

Results:

1. Administrators in Central Office were asked to align annual evaluation feedback to written job description for support staff member. Goals for the upcoming year will be aligned to this feedback.
2. Conducted audit of written, taught, and assessed curriculum. Report was used to developed district goals for the upcoming school year.
3. Aligned FY14 staffing and budget to the district's 2013-2014 initiatives.
4. Building wide facility upgrades were completed at SBS and WES.
5. Safety facility upgrades were completed (upgraded monitors, additional cameras, and safety strobes).
6. Reallocated funds to address security concerns.
7. Completed successful procurement and installation of new telephone system.
8. Developed criteria for all areas of special education related services.
9. Developed an District Loan of Technology Agreement.
10. With input from parents, staff, and members of the Child Study Team, a continuum of services was developed for the district to meet the differing needs of students in the district with special needs.

11. The BRI (special education assessment) was ordered and sent out to staff to work alongside with the DRA2, which is currently used to take literacy data. Training on the BRI was provided to all special education literacy teachers by the LDT/C on the Child Study Team.
12. Provided opportunities for special education teachers to observe their peers within their school environments, as well as peers in neighboring districts. Specifically, these opportunities were set up this year in Hillsborough and Somerville.
13. Organized staff members into PLC's according to their discipline and/or grade level.
14. Established routine meetings with the Child Study Team in an effort to build a rapport and disseminate information.
15. Initiated mid-year evaluations for administrators and Child Study Team staff to provide feedback regarding their performance towards their goals.
16. Updated several job descriptions to align with expectations for roles.
17. Established student services parent meetings, occurring approximately every 6 weeks.
18. Researched and eventually selected IEP Direct as the new IEP electronic delivery system. The district was able to receive a regional discount when Somerville signed on for the program as well.

2012-2013 Professional Learning Initiatives

The Branchburg Township School District efforts throughout the year were geared around creating teaching and learning environments that would inspire learning and creativity for all students, enable staff and students to embrace digital age technologies, and foster higher level of learner engagement and achievement. The district offered Professional Learning Institute summer and school year courses for the teachers, curriculum revision and writing opportunities, vertical and horizontal articulation meetings (grade level, content area, cross-grade, and cross-school). The district also supported staff attendance at local and State workshops and conferences, as well as online courses and webinars. In addition to these learning opportunities for staff, the District provided ongoing professional development for teacher leaders to engage them in the process of quality assessment design. Participants in this program had an opportunity to apply new learning about quality curriculum to a project/performance task that they used in their classroom.

In the spring of 2010, NJDOE joined the Partnership for Assessment of Readiness for College and Career (PARCC). PARCC is a consortium of 23 states and Washington, DC working together to develop a common set of K-12 assessments in language arts and math aligned to the Common Core State Standards. These new K-12 assessments will mark students' progress and provide teachers with timely information to inform instruction and provide student support. The PARCC assessments will be ready for states to administer during the 2014-15 school year. Thus, in preparation for this upcoming transition, the district's Technology Committee prepared and presented the district's

2013-2016 Technology Plan, which was approved by the Board of Education during the spring of 2013.

2012-2013 School Climate Initiatives

During the 2012-2013 school year, the District continued to build a culture for collaboration and trust among staff, students, and parents. Some of the activities which supported the efforts included:

- Improved utilization of the Honeywell Alert system for communicating transportation emergencies (for regular dismissal) with our families; and
- Formation of a district level climate & culture team (aka, Safety Team) to discuss our processes and practices for addressing school climate issues. These regular meetings brought together “school safety team” members from across the district to review and discuss implementing a systemic program for fostering and maintaining positive school climates.

Additionally, the District supported school wide enrichment/co-curricular programs and activities, such as:

- Elementary and Middle School (Grades 3-8): Band, Jazz Band, Strings, Chorus, School Yearbook, Drama Club, Art Club.
- Middle School (Grades 6-8): Girls and Boys Soccer, Basketball, Lacrosse, Softball, Baseball, Student Council, Teen Arts, MathCounts Competition Team, Robotics, Art Club, Woodwind Ensemble.
- Grades K-8 School wide Enrichment: School wide and grade level assembly programs and guest speakers, “Interest-based” clubs or clusters and school wide/grade-level events .
- Field trips (2-3 per grade level).

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

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

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

4. 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 appropriations budget approved by the voters of the municipality. Annual appropriations budgets are adopted for the general fund, the special revenue fund, and the debt service fund. The final budget amount as amended for the fiscal year ended June 30, 2013 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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2013.

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

6. DEBT ADMINISTRATION: The District is continuing semi-annual payments toward the bond issue that resulted in the Whiton Elementary School and renovations to the other schools. The original 1996 issue of \$13.1 million was refinanced in 2001 for \$11.7 million. The 2001 refunding bonds were refunded again in 2010 for \$10.3 million.

Bonds in the amount of \$18.2 million were issued on August 15, 2001. The District was awarded \$3.6 million in state funding towards this project, so only \$18.2 million in bonds of the \$22.1 million approved by the voters was issued. Level debt service schedules were adopted for the 2010 and 2001 issue with the result that the annual payments will remain stable during the thirty-year life of the bonds. On March 15, 2006, \$17,138,000 of the outstanding 2001 School Bonds maturing on July 15th in the years 2012 through 2031 were refinanced for \$18,100,000. The refinanced bonds will continue to mature on July 15th through 2031 and will ultimately result in overall reduced debt service costs being incurred by the District over the remaining life of the bonds.

Bonds in the amount of \$3,305,000 were issued in February 2007.

During the fiscal year ended June 30, 2013, the District incurred \$1,174,544 in interest expense and made \$1,075,000 in principal payments related to its outstanding serial bonds.

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

8. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found in the Statistical Section as Schedule J-20.

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 of Mt. Arlington, New Jersey* will perform this service. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the basic and fund financial statements are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of the report.

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

Respectfully submitted,

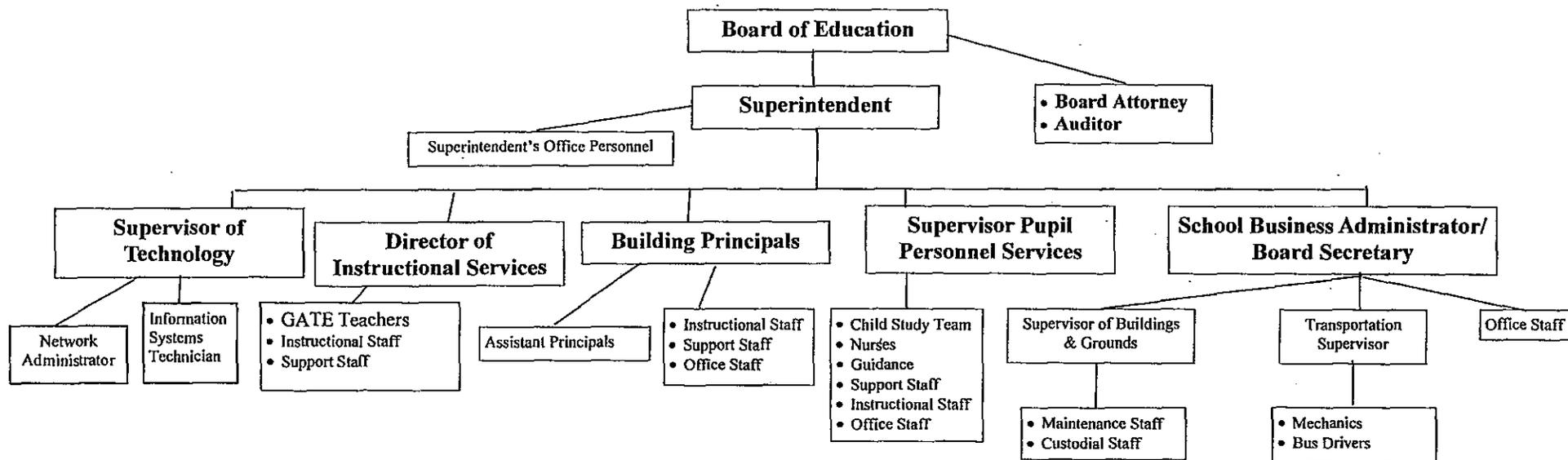
Carol L. Kelley

Carol L. Kelley
Superintendent of Schools

Katherine P. Attwood

Katherine P. Attwood
Business Administrator/Board
Secretary

**Branchburg Township School District
1110 ORGANIZATIONAL CHART**



BRANCBURG TOWNSHIP SCHOOL DISTRICT

ROSTER OF OFFICIALS

JUNE 30, 2013

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
David Rehe, President	January 2016
Patricia Santos, Vice President	January 2016
Zoltan Ambrus	January 2014
Jack Dempsey	January 2014
Terri Joyce	January 2016
Nandita Kamdar	January 2015
Olga Phelps	January 2014
Carmelo Noto	January 2015
Jose-Ramon Suarez	January 2014

OTHER OFFICIALS

TITLE

Carol Kelley	Superintendent of Schools
Katherine P. Attwood	School Business Administrator/Board Secretary
David B. Rubin, Esquire	Solicitor
Karen Conant	Director of Curriculum and Instruction
Carol Webb	Director of Pupil Services
Rebecca Gensel	Principal, Whiton Elementary School
Frank Altmire	Principal, Stony Brook Elementary School
Matthew Barbosa	Principal, Branchburg Central Middle School

BRANCBURG TOWNSHIP SCHOOL DISTRICT
CONSULTANTS AND ADVISORS

ARCHITECT

(No Architect of Record)

ATTORNEY

David B. Rubin, Esq.
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Metuchen, New Jersey 08840

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FINANCIAL ADVISOR

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OFFICIAL DEPOSITORY

TD Bank
Milltown Road
Bridgewater, New Jersey 08807

FINANCIAL SECTION



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 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
 Branchburg 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 Branchburg 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. The financial statements of the Branchburg Township School District as of June 30, 2012 were audited by another auditor whose report dated November 19, 2012 expressed an unqualified opinion on those statements.

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
Branchburg Township School District
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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 Branchburg 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 fiscal 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
Branchburg Township School District
Page 3

Other Matters

Other Information

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 November 20, 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.

Nisivoccia, LLP

NISIVOCCIA, LLP

November 20, 2013
Mt. Arlington, New Jersey

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

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

**BRANCHBURG BOARD OF EDUCATION
BRANCHBURG, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

This section of Branchburg Board of Education'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 overall net position at June 30, 2013 was \$17,811,723.
- Overall net position increased \$401,181 on a district-wide basis over the course of the year.
- Overall revenue was \$45,444,978.
- Overall expenditures were \$45,041,912.
- General Fund fund balance at June 30, 2013 was \$5,552,659, an increase of \$512,617 from the prior year.

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.

**BRANCHBURG BOARD OF EDUCATION
BRANCHBURG, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

**Figure A-1
Organization of Branchburg Board of Education's Financial Report**

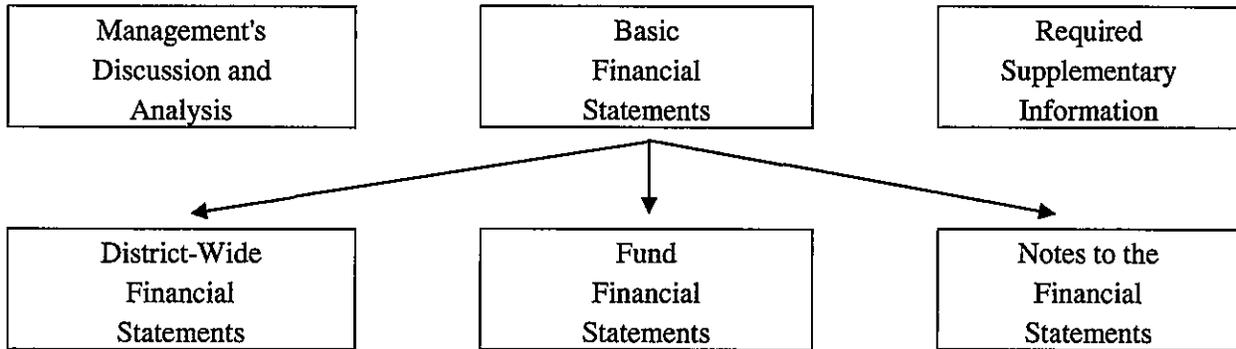


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

**BRANCBURG BOARD OF EDUCATION
BRANCBURG, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

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 and community education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
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 are 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

**BRANCBURG BOARD OF EDUCATION
BRANCBURG, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR 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 is the difference between the District's assets and liabilities and 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 and community education programs are 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.

**BRANCHBURG BOARD OF EDUCATION
BRANCHBURG, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

Fund Financial Statements

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

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's combined net position was \$17,811,723 on June 30, 2013, \$401,181 or 2.30% more than the year before (See Figure A-3). Net position from governmental activities increased \$432,260 and net position from business-type activities decreased by \$31,079 (See Figure A-4). Net investment in capital assets increased \$11,103, restricted net position increased \$964,691 and unrestricted net position decreased \$574,613.

**Figure A-3
Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total School District		Percent Change
	2012/2013	(Restated) 2011/2012	2012/2013	(Restated) 2011/2012	2012/2013	(Restated) 2011/2012	
Current and Other Assets	\$ 7,440,120	\$ 6,700,620	\$ 232,082	\$ 342,968	\$ 7,672,202	\$ 7,043,588	8.92%
Capital Assets	40,553,015	41,678,441	108,593	122,988	40,661,608	41,801,429	-2.73%
Total Assets	47,993,135	48,379,061	340,675	465,956	48,333,810	48,845,017	-1.05%
Deferred Outflows of Resources	869,592	926,964			869,592	926,964	-6.19%
Long-Term Debt	28,871,903	30,001,565			28,871,903	30,001,565	-3.77%
Other Liabilities	2,503,942	2,249,838	15,834	110,036	2,519,776	2,359,874	6.78%
Total Liabilities	31,375,845	32,251,403	15,834	110,036	31,391,679	32,361,439	-3.00%
Net Position:							
Net Investment in Capital Assets	12,313,755	12,288,257	108,593	122,988	12,422,348	12,411,245	0.09%
Restricted	4,451,389	3,486,698			4,451,389	3,486,698	27.67%
Unrestricted	721,738	1,279,667	216,248	232,932	937,986	1,512,599	-37.99%
Total Net Position	\$ 17,486,882	\$ 17,054,622	\$ 324,841	\$ 355,920	\$ 17,811,723	\$ 17,410,542	2.30%

**BRANCBURG BOARD OF EDUCATION
BRANCBURG, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

Financial Analysis of the District as a Whole

Changes in net position. The District's combined net position increased by \$401,181, or 2.30%, over the course of the fiscal year. Net investment in capital assets increased \$11,103 due to a \$1,075,000 reduction in debt from current year maturities, \$75,924 reduction in capital leases and \$456,110 in capital additions from governmental activities offset by \$1,595,931 in depreciation (\$1,581,536 from governmental and \$14,395 from business-type activities). Restricted net position increased by \$964,691 due to increases in the capital reserve of \$601,492, the maintenance reserve of \$50,000 and tuition reserve of \$450,000 (the current year deposit to the tuition reserve was \$900,000 which was offset by the use of the June 30, 2011 tuition reserve of \$450,000) offset by reductions of surplus designated for subsequent year's expenditures of \$136,121 and debt service of \$680. Unrestricted net position decreased \$574,613 primarily as a result of decreases in year-end encumbrances of \$346,844 and fund balance designated for subsequent year's expenditures of \$256,552. The net position of the business-type activities decreased \$31,079 primarily due to increased expenses associated with the food service program. (See Figure A-4).

**Figure A-4
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012	
Revenue:							
Program Revenue:							
Charges for Services	\$ 174,100	\$ 181,050	\$ 631,694	\$ 652,279	\$ 805,794	\$ 833,329	-3.30%
Operating Grants/Contributions	5,493,585	5,343,209	100,137	107,023	5,593,722	5,450,232	2.63%
General Revenue:							
Property Taxes	38,375,977	38,629,260			38,375,977	38,629,260	-0.66%
Unrestricted Federal/State Aid	291,803	45,976			291,803	45,976	534.69%
Other	375,600	214,555	2,082	1,861	377,682	216,416	74.52%
Total Revenue	44,711,065	44,414,050	733,913	761,163	45,444,978	45,175,213	0.60%
Expenses:							
Instruction	17,221,627	17,636,525			17,221,627	17,636,525	-2.35%
Pupil and Instruction Services	16,979,104	16,251,719			16,979,104	16,251,719	4.48%
Administrative and Business	3,192,689	3,200,738			3,192,689	3,200,738	-0.25%
Maintenance and Operations	1,820,123	1,888,476			1,820,123	1,888,476	-3.62%
Transportation	2,422,786	2,570,788			2,422,786	2,570,788	-5.76%
Other	2,640,591	1,269,558	764,992	715,611	3,405,583	1,985,169	71.55%
Total Expenses	44,276,920	42,817,804	764,992	715,611	45,041,912	43,533,415	3.47%
SDA Grants Cancelled	(1,885)				(1,885)		-100.00%
Change in Net Position	\$ 432,260	\$ 1,596,246	\$ (31,079)	\$ 45,552	\$ 401,181	\$ 1,641,798	-75.56%

**BRANCHBURG BOARD OF EDUCATION
BRANCHBURG, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

Financial Analysis of the District as a Whole

Revenue Sources. The District's total revenue for the 2012-2013 fiscal school year was \$45,444,978. (See Figure A-4). Property taxes accounted for most of the District's revenue, with local taxes representing \$38,375,977, or 84.44% of total revenue. (See Figure A-5). Another 12.95% came from state and federal aid and the remaining 2.61% came from charges for services and miscellaneous sources. The District basically conducts its operations from the revenues it receives from its local taxpayers.

Figure A-5

Sources of School District Revenue - Fiscal Years 2013 and 2012

	<u>2013</u>	<u>Percentage</u>	<u>2012</u>	<u>Percentage</u>
Sources of Income:				
State Formula Aid	\$ 1,869,179	4.11%	\$ 1,534,853	3.40%
Property Taxes	38,375,977	84.44%	38,629,260	85.51%
Federal and State Categorical Grants	4,016,346	8.84%	3,961,355	8.77%
Charges for Services	805,794	1.77%	833,329	1.84%
Other	377,682	0.84%	216,416	0.48%
Total Revenue	<u>\$ 45,444,978</u>	<u>100.00%</u>	<u>\$ 45,175,213</u>	<u>100.00%</u>

The total cost of all programs and services was \$45,041,912. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (81.31%). (See Figure A-6). The District's administration and business activities accounted for 7.09% of total expenses. The District's maintenance and operations accounted for 4.04% of total expenses. It is important to note that other expenses for the year (7.56%) include \$1,200,262 of interest on long-term debt, \$1,440,329 of unallocated depreciation, and \$764,992 of expenses from its business-type activities.

Figure A-6

Sources of School District Expenses - Fiscal Years 2013 and 2012

Expense Category:	<u>2013</u>	<u>Percentage</u>	<u>2012</u>	<u>Percentage</u>
Instruction	\$ 17,221,627	38.23%	\$ 17,636,525	40.51%
Pupil and Instruction Services	16,979,104	37.70%	16,251,719	37.33%
Administrative and Business	3,192,689	7.09%	3,200,738	7.35%
Maintenance and Operations	1,820,123	4.04%	1,888,476	4.34%
Transportation	2,422,786	5.38%	2,570,788	5.91%
Other	3,405,583	7.56%	1,985,169	4.56%
	<u>\$ 45,041,912</u>	<u>100.00%</u>	<u>\$ 43,533,415</u>	<u>100.00%</u>

**BRANCBURG BOARD OF EDUCATION
BRANCBURG, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

Governmental Activities

The financial position of the District increased by \$401,181 and remains stable. Maintaining existing programs, developing new programs for regular education pupil enrollment and continued special programs and services disabled pupils places great demands on the District's resources. Veteran employee retirements and increased employee health benefit contributions have been surpassed by the increase in health benefits cost and the costs associated with training new teachers.

Careful management of expenses remains essential for the District to sustain its financial health. The many significant cost saving measures have lead to superior transportation efficiency and fiscal restraint. The District's cost-saving measures included:

- Joint Transportation with surrounding school districts
- All employees contribute towards health and dental benefits
- Group purchasing for electric, gas, insurance and telecommunications
- Shared transportation operations with Readington Township School District
- Continuation of in-district special education programs

Due to the constraints placed upon the District by legislation enacted in the past several years, it is crucial that the District continually examines its expenditures. Parental and student demands for new activities and programs must be evaluated thoroughly.

Figure A-7 presents the cost of six major District activities: instruction, pupil & instructional services, administration & business, maintenance & operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-7
Net Cost of Governmental Activities**

	Total Costs of Services		Net Cost of Services	
	2012/2013	2011/2012	2012/2013	2011/2012
Instruction	\$ 17,221,627	\$ 17,636,525	\$ 12,657,761	\$ 12,831,765
Pupil and Instruction Services	16,979,104	16,251,719	16,505,084	16,050,783
Administration and Business	3,192,689	3,200,738	2,979,597	2,236,918
Maintenance and Operations	1,820,123	1,888,476	1,820,123	1,710,617
Transportation	2,422,786	2,570,788	2,006,079	2,401,978
Other	2,640,591	1,269,558	2,640,591	2,061,484
	<u>\$ 44,276,920</u>	<u>\$ 42,817,804</u>	<u>\$ 38,609,235</u>	<u>\$ 37,293,545</u>

**BRANCBURG BOARD OF EDUCATION
BRANCBURG, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

Governmental Activities

- The cost of all governmental activities this year was \$44,276,920.
- The federal and state governments subsidized certain programs with grants and contributions (\$3,916,209).
- Most of the District's costs were financed by \$38,375,977 of District taxes.
- A portion of governmental activities was financed with \$1,869,179 in State Aid based on the SFRAPAY formula.
- The remaining \$375,600 of the District's funding came from \$367,994 in miscellaneous revenue and \$7,606 in investment earnings.

Business-Type Activities

- Net position from the District's business-type activities (food service and community education programs) decreased \$31,079 primarily as a result of an increase in salaries and purchased services. (Refer to Figure A-4).

Financial Analysis of the District's Funds

The District's financial position remains stable despite difficult economic times. The District received more State Aid in the current fiscal year as compared to the previous fiscal year. Accordingly, expenditures in the current year increased over the prior year where significant budget cuts were implemented to offset the loss of State Aid from two years ago. The majority of the increase in expenditures in the current year was largely in the areas of Instruction, Out-of-District Tuition, and Employee Benefits.

Student enrollment decreased by 41 students in 2012-13. The District anticipates an additional decrease in enrollment of 40 students for the upcoming 2013-14 school year.

The District anticipates that the difficult economic times will continue to impact the District. The District has had a multi-year practice of utilizing funds from its restricted and unrestricted fund balance to offset or reduce the tax levy. Ratables continued to decline which will have an inverse impact on local school tax rates.

The District must continue practice sound financial management in order to maintain a stable financial position.

General Fund Budgetary Highlights

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

**BRANCBURG BOARD OF EDUCATION
BRANCBURG, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

Capital Asset and Debt Administration

The District's capital assets decreased \$1,139,821 – from \$41,801,429 to \$40,661,608 – or 2.73%, over the course of the fiscal year. (See Figure A-8.) (More detailed information about the District's long-term liabilities is presented in Note 8 to the basic financial statements.)

**Figure A-8
Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percent Change
	2012/2013	2011/2012*	2012/2013	2011/2012*	2012/2013	2011/2012*	
Land	\$ 2,367,600	\$ 2,367,600			\$ 2,367,600	\$ 2,367,600	
Site Improvements	147,663	173,697			147,663	173,697	-14.99%
Buildings and Building Improvements	36,758,056	37,867,823			36,758,056	37,867,823	-2.93%
Machinery & Equipment	1,279,696	1,269,321	\$ 108,593	\$ 122,988	1,388,289	1,392,309	-0.29%
Total Capital Assets, (Net of Depreciation)	\$ 40,553,015	\$ 41,678,441	\$ 108,593	\$ 122,988	\$ 40,661,608	\$ 41,801,429	-2.73%

* Restated

The decrease in capital assets was attributable to current year depreciation of \$1,595,931 (\$1,581,536 from its governmental and \$14,395 from its business-type activities) which was offset by \$456,110 in current year capital asset acquisitions.

Long-Term Debt

The District's long-term debt decreased \$1,129,662 – from \$30,001,565 to \$28,871,903 – or 3.77%, over the course of the fiscal year. (See Figure A-9.) (More detailed information about the District's long-term liabilities is presented in Note 9 to the financial statements.)

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

	Total School District		Percent Change
	2012/2013	2011/2012*	
General Obligation Bonds (Financed with Property Taxes)	\$ 28,080,000	\$ 29,155,000	-3.69%
Obligations Under Capital Leases	159,260	235,184	-32.28%
Other Long-term Liabilities	632,643	611,381	3.48%
	\$ 28,871,903	\$ 30,001,565	-3.77%

* Restated

The decrease in long-term debt was attributable to current maturities of bonds of \$1,075,000 and capital leases of \$75,924 offset by a net increase in compensated absences payable of \$21,262.

**BRANCBURG BOARD OF EDUCATION
BRANCBURG, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

Factors Bearing on the District's Future

Currently, the District is in good financial condition. Everyone associated with the Branchburg Board of Education is grateful for the community support.

Many factors were considered by the District's administration during the process of developing the fiscal year 2013-2014 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

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, 240 Baird Road, Branchburg, New Jersey 08876.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 3,040,678	\$ 131,827	\$ 3,172,505
Internal Balances	(85,863)	85,863	
Receivable from State Government	515,040	660	515,700
Receivable from Federal Government	209,189	5,300	214,489
Other Accounts Receivable	86,845		86,845
Inventories		8,432	8,432
Restricted Assets - Cash and Cash Equivalents			
Capital Reserve Account - Cash	3,674,231		3,674,231
Capital Assets:			
Sites (Land)	2,367,600		2,367,600
Depreciable Site Improvements, Building and Building Improvements and Machinery and Equipment	38,185,415	108,593	38,294,008
Total Assets	<u>47,993,135</u>	<u>340,675</u>	<u>48,333,810</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	869,592		869,592
LIABILITIES:			
Accrued Interest Payable	507,742		507,742
Interfund Payable	1,375,051		1,375,051
Accounts Payable	403,098	31	403,129
Payable to State Government	7,100		7,100
Unamortized Bond Issuance Premium	194,116		194,116
Unearned Revenue	16,835	15,803	32,638
Noncurrent Liabilities:			
Due Within One Year, Net	1,218,208		1,218,208
Due Beyond One Year, Net	27,653,695		27,653,695
Total Liabilities	<u>31,375,845</u>	<u>15,834</u>	<u>31,391,679</u>
NET POSITION:			
Net Investment in Capital Assets	12,313,755	108,593	12,422,348
Restricted for:			
Capital Projects	1,809,833		1,809,833
Debt Service	1		1
Other Purposes	2,641,555		2,641,555
Unrestricted	721,738	216,248	937,986
Total Net Position	<u>\$ 17,486,882</u>	<u>\$ 324,841</u>	<u>\$ 17,811,723</u>

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

BRANCHBURG 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	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 11,581,107	\$ 174,100	\$ 1,510,250		\$ (9,896,757)		\$ (9,896,757)
Special Education	3,765,366		2,626,678		(1,138,688)		(1,138,688)
Other Special Instruction	1,693,233		227,475		(1,465,758)		(1,465,758)
School-Sponsored Other Instruction	181,921		25,363		(156,558)		(156,558)
Support Services:							
Tuition	12,443,083				(12,443,083)		(12,443,083)
Student & Instruction Related Services	4,536,021		474,020		(4,062,001)		(4,062,001)
General Administration Services	685,898		31,567		(654,331)		(654,331)
School Administration Services	1,600,538		150,945		(1,449,593)		(1,449,593)
Central Services	541,628		30,580		(511,048)		(511,048)
Administrative Information Technology	364,625				(364,625)		(364,625)
Plant Operations and Maintenance	1,820,123				(1,820,123)		(1,820,123)
Pupil Transportation	2,422,786		416,707		(2,006,079)		(2,006,079)
Interest on Long-Term Debt	1,200,262				(1,200,262)		(1,200,262)
Unallocated Depreciation	1,440,329				(1,440,329)		(1,440,329)
Total Governmental Activities	44,276,920	174,100	5,493,585		(38,609,235)		(38,609,235)

BRANCBURG 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	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-type Activities:							
Food Service Program	\$ 700,556	\$ 559,399	\$ 100,137			\$ (41,020)	\$ (41,020)
Community Education	64,436	72,295				7,859	7,859
Total Business-type Activities	764,992	631,694	100,137			(33,161)	(33,161)
Total Primary Government	\$ 45,041,912	\$ 805,794	\$ 5,593,722	\$ - 0 -	\$ (38,609,235)	(33,161)	(38,642,396)
General Revenue and Other Items:							
Property Taxes, Levied for General Purposes, Net					36,283,559		36,283,559
Taxes Levied for Debt Service					2,092,418		2,092,418
Federal and State Aid not Restricted					291,803		291,803
Miscellaneous Income					375,600	2,082	377,682
Other Item - SDA Grants Cancelled					(1,885)		(1,885)
Total General Revenue and Other Items					39,041,495	2,082	39,043,577
Change in Net Position					432,260	(31,079)	401,181
Net Position - Beginning					17,054,622	355,920	17,410,542
Net Position - Ending					\$ 17,486,882	\$ 324,841	\$ 17,811,723

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

FUND FINANCIAL STATEMENTS

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 2,695,695	\$ 277,948	\$ 67,034	\$ 1	\$ 3,040,678
Receivables From State Government	495,990		19,050		515,040
Receivables From Federal Government		209,189			209,189
Interfund Receivable	428,474				428,474
Other Accounts Receivable	81,360	5,485			86,845
Restricted Cash and Cash Equivalents	3,674,231				3,674,231
Total Assets	\$ 7,375,750	\$ 492,622	\$ 86,084	\$ 1	\$ 7,954,457
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 360,377	\$ 42,721			\$ 403,098
Interfund Payable	1,460,914	427,766	\$ 708		1,889,388
Payable to State Government		7,100			7,100
Unearned Revenue	1,800	15,035			16,835
Total Liabilities	1,823,091	492,622	708		2,316,421
Fund Balances:					
Restricted for:					
Capital Reserve	\$ 1,754,231				\$ 1,754,231
Maintenance Reserve	300,000				300,000
Emergency Reserve	120,000				120,000
Tuition Reserve - For 2013-2014	600,000				600,000
Tuition Reserve - For 2014-2015	900,000				900,000
Capital Projects			\$ 55,602		55,602
Debt Service				\$ 1	1
Excess Surplus	218,037				218,037
Excess Surplus - Subsequent Year's Expenditures	503,518				503,518

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Fund Balances:					
Committed:					
Capital Projects			\$ 29,774		\$ 29,774
Assigned:					
For Subsequent Year's Expenditures	\$ 296,482				296,482
Year-end Encumbrances	70,667				70,667
Unassigned	789,724				789,724
Total Fund Balances	<u>5,552,659</u>		<u>85,376</u>	<u>\$ 1</u>	<u>5,638,036</u>
Total Liabilities and Fund Balances	<u>\$ 7,375,750</u>	<u>\$ 492,622</u>	<u>\$ 86,084</u>	<u>\$ 1</u>	<u>\$ 7,954,457</u>

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

Total Fund Balances (Above)	\$ 5,638,036
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$67,100,849 and accumulated depreciation is \$26,547,834.	40,553,015
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.	(28,871,903)
Interest on long-term debt is not accrued in Governmental Funds, but rather is recognized as an expenditure when due.	(507,742)
Bond Issuance Premiums are reported as revenue in the Governmental Funds in the year the bonds are sold. The original premium was \$371,096 and accumulated amortization is \$176,980.	(194,116)
Deferred interest costs are not reported as expenditures in the Governmental Funds in the year of the expenditure. The deferred interest is \$1,582,038 of which \$712,446 has been amortized.	<u>869,592</u>
Net Position - Governmental Activities	<u>\$ 17,486,882</u>

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

BRANCHBURG 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	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 36,283,559			\$ 2,092,418	\$ 38,375,977
Tuition	174,100				174,100
Interest Earned on Capital Reserve Funds	784				784
Interest Earned on Investments	6,822				6,822
Miscellaneous	367,994	\$ 29,267			397,261
Total - Local Sources	36,833,259	29,267		2,092,418	38,954,944
State Sources	5,123,922	7,152		100,844	5,231,918
Federal Sources		524,203			524,203
Total Revenue	41,957,181	560,622		2,193,262	44,711,065
EXPENDITURES:					
Current:					
Regular Instruction	7,709,920	44,019			7,753,939
Special Education Instruction	2,179,998	471,713			2,651,711
Other Special Instruction	1,119,462				1,119,462
School-Sponsored Other Instruction	132,002				132,002
Support Services and Undistributed Costs:					
Tuition	12,443,083				12,443,083
Student & Instruction Related Services	3,135,884	39,140			3,175,024
General Administration Services	572,880				572,880
School Administration Services	1,098,884				1,098,884
Central Services	398,009				398,009
Administrative Information Technology	335,077				335,077
Plant Operations and Maintenance	1,629,510				1,629,510

BRANCBURG 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	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES:					
Current:					
Support Services and Undistributed Costs:					
Pupil Transportation	\$ 2,170,791				\$ 2,170,791
Unallocated Benefits	7,949,606				7,949,606
Capital Outlay	570,166	\$ 5,750			575,916
Debt Service:					
Principal				\$ 1,075,000	1,075,000
Interest and Other Charges				1,174,544	1,174,544
Total Expenditures	<u>41,445,272</u>	<u>560,622</u>		<u>2,249,544</u>	<u>44,255,438</u>
Excess (Deficit) of Revenue over Expenditures	<u>511,909</u>			<u>(56,282)</u>	<u>455,627</u>
OTHER FINANCING SOURCES/(USES):					
Transfers In	708			55,602	56,310
Transfers Out			\$ (56,310)		(56,310)
SDA Grants Cancelled			(1,885)		(1,885)
Total Other Financing Sources/(Uses)	<u>708</u>		<u>(58,195)</u>	<u>55,602</u>	<u>(1,885)</u>
Net Change in Fund Balances	512,617		(58,195)	(680)	453,742
Fund Balance—July 1	<u>5,040,042</u>		<u>143,571</u>	<u>681</u>	<u>5,184,294</u>
Fund Balance—June 30	<u>\$ 5,552,659</u>	<u>\$ - 0 -</u>	<u>\$ 85,376</u>	<u>\$ 1</u>	<u>\$ 5,638,036</u>

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

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

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)		\$ 453,742
Amounts Reported for Governmental Activities in the Statement Activities (Exhibit A-2) are Different Because:		
Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differs from depreciation of capital assets in the period.		
	Depreciation Expense	\$ (1,581,536)
	Capital Outlays	<u>456,110</u>
		(1,125,426)
In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the Governmental Fund, 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 (+).		
		(21,262)
Repayment of capital leases 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 (+).		
		75,924
Repayment of bond principal 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 (+).		
		1,075,000
The governmental funds report the effect of deferred interest costs relative to an advance refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (-).		
		\$ (57,372)
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. The accrued interest is an addition to the reconciliation (+).		
		15,701
The governmental funds report the effect of premiums and deferred interest when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
		<u>15,953</u>
Change in Net Position of Governmental Activities (from Exhibit A-2)		<u>\$ 432,260</u>

Exhibit B-4

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

	Business-type Activities-Enterprise Funds	
	Food Service	Non-Major Fund
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$ 106,663	\$ 25,164
Accounts Receivable:		
State	660	
Federal	5,300	
Other		
Interfund Receivable:		
General Fund	85,863	
Food Service Fund		1,352
Inventories	8,432	
Total Current Assets	<u>206,918</u>	<u>26,516</u>
Capital Assets:		
Furniture & Equipment	481,630	
Accumulated Depreciation	(373,037)	
Total Capital Assets, Net	<u>108,593</u>	
Total Assets	<u>315,511</u>	<u>26,516</u>
LIABILITIES:		
Current Liabilities:		
Interfund Payable:		
Community Education Fund	1,352	
Accounts Payable - Vendors	31	
Unearned Revenue	15,803	
Total Current Liabilities	<u>17,186</u>	
NET POSITION:		
Net Investment in Capital Assets	108,593	
Unrestricted	189,732	26,516
Total Net Position	<u>\$ 298,325</u>	<u>\$ 26,516</u>

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

Exhibit B-5

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

	Business-type Activities- Enterprise Funds	
	Food Service	Non-Major Fund
Operating Revenue:		
Local Sources:		
Daily Sales - Reimbursable Programs	\$ 239,180	
Daily Sales - Non-Reimbursable Programs	320,219	
Miscellaneous Program Fees		\$ 72,295
Total Operating Revenue	<u>559,399</u>	<u>72,295</u>
Operating Expenses:		
Cost of Sales	296,837	
Salaries, Benefits & Payroll Taxes	323,507	58,477
Supplies and Materials	5,336	3,884
Purchased Professional Services	60,481	
Othe Purchased Services		2,075
Depreciation	14,395	
Total Operating Expenses	<u>700,556</u>	<u>64,436</u>
Operating Income/(Loss)	<u>(141,157)</u>	<u>7,859</u>
Non-Operating Revenue:		
State Sources:		
State School Lunch Program	4,999	
Federal Sources:		
National School Lunch Program	62,853	
Special Milk Program	4,780	
Food Distribution Program	27,505	
Local Sources:		
Interest Income	2,082	
Total Non-Operating Revenue	<u>102,219</u>	
Change in Net Position	(38,938)	7,859
Net Position - Beginning of Year (Restated)	<u>337,263</u>	<u>18,657</u>
Net Position - End of Year	<u>\$ 298,325</u>	<u>\$ 26,516</u>

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

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

	Business-type Activities- Enterprise Funds	
	Food Service	Non-Major Fund
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 559,399	\$ 9,427
Payments to Employees	(323,507)	(58,477)
Payments to Suppliers	(366,930)	(6,022)
Net Cash Used for Operating Activities	<u>(131,038)</u>	<u>(55,072)</u>
Cash Flows from Investing Activities:		
Interest Income	2,082	
Net Cash Provided by Investing Activities	<u>2,082</u>	
Cash Flows from Noncapital Financing Activities:		
Cash Received from State and Federal Reimbursements	70,616	
Cash Disbursed to General Fund	(9,208)	
Net Cash Provided by Noncapital Financing Activities	<u>61,408</u>	
Net (Decrease) in Cash and Cash Equivalents	(67,548)	(55,072)
Cash and Cash Equivalents, July 1	174,211	80,236
Cash and Cash Equivalents, June 30	<u>\$ 106,663</u>	<u>\$ 25,164</u>
Reconciliation of Operating Income/(Loss) to Net Cash Used for Operating Activities:		
Operating Income/(Loss)	\$ (141,157)	\$ 7,859
Adjustment to Reconcile Operating Income/(Loss) to Cash Provided by/(Used for) Operating Activities:		
Depreciation	14,395	
Federal Food Distribution Program	27,505	
Changes in Assets and Liabilities:		
(Increase) in Inventory	(510)	
(Decrease) in Unearned Revenue	(2,455)	(62,868)
(Decrease) in Accounts Payable	(28,816)	(63)
Net Cash Used for Operating Activities	<u>\$ (131,038)</u>	<u>\$ (55,072)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received \$24,905 and utilized \$27,705 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2013.

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

Exhibit B-7

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2013

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 74,811	\$ 617,710	\$ 4,900
Interfund Receivable:			
General Fund	<u>1,375,051</u>		
Total Assets	<u>1,449,862</u>	<u>617,710</u>	<u>4,900</u>
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	936		
Accrued Salaries and Wages	1,375,340		
Summer Savings Deductions Payable	1,192		
Due to Student Groups	<u>72,394</u>		
Total Liabilities	<u>1,449,862</u>		
<u>NET POSITION:</u>			
Held in Trust for Unemployment Claims		617,710	
Held in Trust for Flex Spending Claims			<u>4,900</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 617,710</u>	<u>\$ 4,900</u>

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

Exhibit B-8

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

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 45,509	\$ 27,057
Interest Earnings	673	
Total Additions	<u>46,182</u>	<u>27,057</u>
DEDUCTIONS:		
Unemployment Benefit Claims	56,756	
Flexible Spending Claims		22,157
Total Deductions	<u>56,756</u>	<u>22,157</u>
Change in Net Position	(10,574)	4,900
Net Position - July 1	<u>628,284</u>	
Net Position - June 30	<u>\$ 617,710</u>	<u>\$ 4,900</u>

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

BRANCBURG 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 the Branchburg 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 two elementary schools and a middle school located in the Township of Branchburg. 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 District 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 nonexchange 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 in the 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.

BRANCHBURG 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 governmental 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 noninstructional equipment which are classified in the capital outlay subfund.

As required by the 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. These resources can be transferred from and to current expense by Board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for the proceeds of specific revenue 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 major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, 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 expenditures for principal and interest.

BRANCHBURG 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)

The District reports the following proprietary funds:

Enterprise (Food Service) Fund: This Enterprise Fund accounts for all revenue and expenses pertaining to the District's cafeteria operations. The 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.

Enterprise (Community Education) Fund: This Enterprise Fund accounts for all revenue and expenses pertaining to the District's community education program. The 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.

Additionally, the District reports the following fund type:

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

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 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.

BRANCBURG 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)

C. Measurement Focus and Basis of Accounting: (Cont'd)

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 budgets for the fiscal year ended June 30, 2013 was submitted to the County office and 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. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

BRANCHBURG 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)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 42,001,312	\$ 557,972
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		2,650
Prior Year State Aid payments recognized for GAAP Statements	142,140	
Current Year State Aid payments recognized for Budgetary purposes, not recognized for GAAP Statements	(186,271)	
Total Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 41,957,181	\$ 560,622
Uses/Outflows of Resources:		
Actual amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 41,445,272	\$ 557,972
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		2,650
Total Expenditures as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 41,445,272	\$ 560,622

BRANCHBURG 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 and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey school districts are limited as to 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. 17:9-41 et 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 a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Government 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 sources/uses in governmental funds and after non-operating revenues/expenses in the Enterprise funds. 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, and/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.

BRANCHBURG 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)

H. Encumbrances: (Cont'd)

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.

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 expenditures 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 enterprise fund 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

BRANCHBURG 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)

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 discounts, as well as 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.

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 undisbursed amounts be retained in a separate bank account. As of June 30, 2013, the amount earned by these employees but not disbursed was \$1,375,340.

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 District personnel policies. Upon termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after varying years of service based upon employees' individual contracts.

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 after one year.

O. Unearned Revenue:

Unearned revenue in the Special Revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the Special Revenue Fund.

BRANCHBURG 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:

General Fund: Of the \$5,552,659 General Fund balance at June 30, 2013, \$70,667 is assigned for encumbrances; \$1,754,231 is restricted in the capital reserve account; \$300,000 is restricted in the maintenance reserve account; \$120,000 is restricted in the emergency reserve account; \$1,500,000 is restricted in the tuition reserve account; \$503,518 is restricted for prior year excess surplus in accordance with N.J.S.A. 18A:7F-7 (S1701) and has been appropriated and included as anticipated revenue for the year ending June 30, 2014; \$218,037 is restricted for current year excess surplus in accordance with N.J.S.A.18A:7F (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2015; \$296,482 is designated for subsequent year's expenditures and has been included as anticipated revenue for the fiscal year ending June 30, 2014; and \$789,724 is unassigned fund balance which is \$186,271 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.

Capital Projects Fund: Of the \$85,376 Capital Projects Fund balance at June 30, 2013, \$29,774 is committed and \$55,602 is restricted. The restricted portion has been included as anticipated revenue in the Debt Service Fund for the fiscal year ended June 30, 2014.

Debt Service Fund: The Debt Service Fund balance at June 30, 2013 of \$1 is restricted.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2003, C.73 (S1701), the designation for 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 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 excess surplus as noted above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$186,271 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 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 two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two 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 two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. 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.

BRANCHBURG 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)

Q. Net Position: (Cont'd)

The District elected to early implement GASB No. 65, Items Previously Reported as Assets and Liabilities, during the current fiscal year. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows or inflows of resources, certain items that were previously reported as 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 of resources at June 30, 2013. The District had a deferred outflow of resources for the Deferred Amount on Refunding.

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.

R. 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, a maintenance reserve, an emergency reserve, a tuition reserve, excess surplus, unexpended capital projects financed with bond proceeds, and debt service as defined by State law.

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 in order to remove or change the commitment of resources. The District has \$29,774 in committed resources relating to unexpended capital projects financed with state and local resources at June 30, 2013.

BRANCHBURG 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)

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

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 and amounts designated for subsequent year's expenditures at June 30, 2013.

S. Deficit Fund Balances/Net Position:

The District did not have any deficit fund balances or net position at June 30, 2013.

T. Revenue - Exchange and Nonexchange Transactions:

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, 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 nonexchange transactions must also be available before it can be recognized.

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

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Funds. For the School District, these revenues are sales for food service and summer enrichment program fees. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the Enterprise Funds.

V. 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.

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

Deposits:

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

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

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

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

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

BRANCBURG 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)

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.

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

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents			Total	
		Capital Reserve	Maintenance Reserve	Emergency Reserve		Tuition Reserve
Checking and Savings Accounts	<u>\$ 3,869,926</u>	<u>\$ 1,754,231</u>	<u>\$ 300,000</u>	<u>\$ 120,000</u>	<u>\$ 1,500,000</u>	<u>\$ 7,544,157</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 \$7,544,157 and the bank balance was \$8,356,571.

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

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 a transfer by Board resolution at year end of any unanticipated revenue or unexpended line item appropriation, 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-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance, July 1, 2012	\$ 1,152,739
Increased by:	
Interest Earnings	784
Unexpended Funds of Completed Capital Projects	708
Deposit approved by Board Resolution - June 2013	<u>600,000</u>
Ending Balance, June 30, 2013	<u><u>\$ 1,754,231</u></u>

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

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by Board resolution for the accumulation of funds for use as maintenance expenditures in subsequent fiscal years. 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.

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

(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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.

The activity of the maintenance reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance, July 1, 2012	\$ 250,000
Increased by:	
Deposit approved by Board Resolution - June 2013	50,000
Ending Balance, June 30, 2013	<u>\$ 300,000</u>

NOTE 6. EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by Board resolution in June 2011. The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The emergency reserve is restricted to be used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1st and June 30th. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent.

The activity of the emergency reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance, July 1, 2012	<u>\$ 120,000</u>
Ending Balance, June 30, 2013	<u>\$ 120,000</u>

NOTE 7: TUITION RESERVE ACCOUNT:

A tuition reserve account may be established in accordance with N.J.A.C. 6A:23-3.1(f) for tuition between two Boards of Education that are in a formal sending/receiving relationship. The maximum amount that may be restricted at year end is 10% of the estimated contract year. Upon certification of tuition rates in the second year following the contract year, full appropriation of the applicable year's reserve must be liquidated and any remaining balance related to that year must be restricted and budgeted for tax relief.

The District established a \$600,000 tuition reserve during 2011/2012 which will be used to pay for any tuition adjustments for the fiscal year ending June 30, 2014 and a \$900,000 tuition reserve during 2012/2013 which will be used to pay for any tuition adjustments for the fiscal year ending June 30, 2015.

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

NOTE 8. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 2,367,600			\$ 2,367,600
Total Capital Assets not Being Depreciated	<u>2,367,600</u>			<u>2,367,600</u>
Capital Assets Being Depreciated				
Site Improvements	895,800	\$ 6,500		902,300
Buildings and Building Improvements	56,243,957	204,165		56,448,122
Machinery and Equipment	7,141,851	245,445	\$ (4,469)	7,382,827
Total Capital Assets Being Depreciated	<u>64,281,608</u>	<u>456,110</u>	<u>(4,469)</u>	<u>64,733,249</u>
Governmental Activities Capital Assets	<u>66,649,208</u>	<u>456,110</u>	<u>(4,469)</u>	<u>67,100,849</u>
Less Accumulated Depreciation for:				
Site Improvements	(722,103)	(32,534)		(754,637)
Buildings and Building Improvements	(18,376,134)	(1,313,932)		(19,690,066)
Machinery and Equipment	(5,872,530)	(235,070)	4,469	(6,103,131)
Total Accumulated Depreciation	<u>(24,970,767)</u>	<u>(1,581,536)</u>	<u>4,469</u>	<u>(26,547,834)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 41,678,441</u>	<u>\$ (1,125,426)</u>	<u>\$ -0-</u>	<u>\$ 40,553,015</u>
Business -Type Activities:				
Capital Assets Being Depreciated				
Furniture and Equipment	\$ 481,630			\$ 481,630
Less: Accumulated Depreciation	(358,642)	\$ (14,395)		(373,037)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 122,988</u>	<u>\$ (14,395)</u>	<u>\$ -0-</u>	<u>\$ 108,593</u>

Depreciation expense was charged to governmental functions as follows:

Student & Instruction Related Services	\$ 14,544
Plant Operations and Maintenance	64,983
Pupil Transportation	61,680
Unallocated Depreciation	<u>1,440,329</u>
	<u>\$ 1,581,536</u>

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

NOTE 9. LONG-TERM LIABILITIES

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

	Balance June 30, 2012	Accrued	Retired	Balance June 30, 2013
Serial Bonds Payable	\$ 29,155,000		\$ 1,075,000	\$ 28,080,000
Capital Leases Payable	235,184		75,924	159,260
Compensated Absences Payable	611,381	\$ 98,390	77,128	632,643
	<u>\$ 30,001,565</u>	<u>\$ 98,390</u>	<u>\$ 1,228,052</u>	<u>\$ 28,871,903</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 and will be retired through the Debt Service Fund. The current portion of bonds payable is \$1,125,000 and the long-term portion is \$26,955,000.

Serial Bonds Outstanding as of June 30, 2013

Issue Date	Final Maturity	Interest Rates	Amount
07/15/06	07/15/31	3.75% to 5.00%	\$ 17,425,000
02/01/07	02/01/22	4.00%	2,215,000
2/26/10	2/1/26	3.00% to 4.00%	8,440,000
			<u>\$ 28,080,000</u>

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

Fiscal Year	Bonds		Total
	Principal	Interest	
2014	\$ 1,125,000	\$ 1,035,100	\$ 2,160,100
2015	1,165,000	1,091,350	2,256,350
2016	1,235,000	1,045,300	2,280,300
2017	1,215,000	995,925	2,210,925
2018	1,305,000	941,050	2,246,050
2019-2023	7,865,000	3,799,075	11,664,075
2024-2029	9,690,000	2,284,447	11,974,447
2030-2032	4,480,000	859,650	5,339,650
	<u>\$ 28,080,000</u>	<u>\$ 12,051,897</u>	<u>\$ 34,792,247</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2013, the District has no bonds authorized but not issued.

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

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

C. Capital Leases Payable:

The District purchased buses under capital leases. All capital leases are for terms of five years and will be retired through the General Fund. The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2013.

	Amount
2014	\$ 83,496
2015	83,497
	166,993
Less: Amount Representing Interest	(7,733)
Present Value of Net Minimum Lease Payments	\$ 159,260

The current portion of capital leases payable is \$78,368 and the long term portion is \$80,892.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a current and long-term liability and will be liquidated through the General Fund. The current portion of the liability is \$14,840 and the long-term portion is \$617,803.

There is no liability for compensated absences in the District's Enterprise Funds.

NOTE 10. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2013, the District made transfers to capital outlay accounts in the amount of \$114,512 for equipment which did not require County Superintendent approval.

NOTE 11. 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; or the Defined Contribution Retirement Program (DCRP). PERS and TPAF are sponsored and administered by the State of New Jersey. Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. 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. As a general rule, all full-time employees are eligible to join the TPAF or the PERS. However, if an employee is ineligible to enroll in the TPAF or PERS, the employee may be eligible to enroll in the DCRP.

Employees who are members of TPAF or PERS and retire at a specified age or after 55 according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of credible service. Vesting occurs after 8 to 10 years of service.

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

(Continued)

NOTE 11. PENSION PLANS (Cont'd)

DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Effective July 1, 2012, the employee contributions for PERS and TPAF increased from 6.5% to 6.64% of employees' annual compensation, as defined. Subsequent increases are being phased in over 7 years effective each July 1st 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 both funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions of 5.5% of employees' annual compensation, as defined, for DCRP are matched by a 3% employer contribution.

District contributions to PERS amounted to \$277,802, \$373,006 and \$365,032 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 \$864,885, \$447,169 and \$0-, respectively, to the TPAF for pension benefits on-behalf of the District.

The employee and employer contributions to DCRP for the fiscal years ended June 30, 2013, 2012 and 2011 were \$16,286, \$11,159 and \$1,385, respectively.

NOTE 12. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers Pensions and Annuity Fund (T.P.A.F.) and the Public Employees' Retirement System (P.E.R.S.), 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 attributed to P.L. 1992, c.126 which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$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 amounted to \$977,966, \$898,925, and \$956,333 for 2013, 2012, and 2011, respectively.

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

(Continued)

NOTE 13. DEFERRED COMPENSATION

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

AXA Equitable
 Lincoln Investment Planning
 Fidelity Investments

AXA Equitable is the plan administrator for the District's Internal Revenue Code Section 457 plan.

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balance remained on the balance sheet at June 30, 2013:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 428,474	\$ 1,460,914
Special Revenue Fund		427,766
Capital Projects Fund		708
Proprietary Fund - Food Service	85,863	1,352
Proprietary Fund - Community Education	1,352	
Fiduciary Funds	1,375,051	
	\$ 1,890,740	\$ 1,890,740

The interfund receivable in the General Fund and the interfund payable in Special Revenue Fund represents funds advanced to the Special Revenue Fund for cash flow purposes awaiting the collection of federal grants receivable. The interfund between the General Fund and Payroll Fiduciary Fund is the amount of salary ten-month employees earned which will be transferred to the fiduciary funds and disbursed during the summer months. The interfund between the Capital Projects Fund and the General Fund represents unexpended project balances which have not yet been transferred to the General Fund. The interfund between the Food Service Fund and the General Fund is attributable to federal and state subsidies which have not yet been transferred to the Food Service Fund. The interfund between the Food Service and Community Education Funds represents a prior year interfund that has not been liquidated.

NOTE 15. 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.

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

NOTE 16. 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 maintains insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report. Health Benefits are provided to the employees through the State of New Jersey Health Benefits Plan.

Property and Liability Insurance

The Branchburg Township School District is a member of the New Jersey School Board's Association Insurance Group ("NJSBAIG") (the "Group"). The Group provides its members with Workers' Compensation, Comprehensive General Liability and Automobile Liability, Property, Boiler and Machinery, and School Board Legal Liability Insurance. The Group is a risk-sharing fund that is both an insured and a self-administered group of school boards established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at 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 Group are elected.

As a member of the Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities.

The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

Selected, summarized financial information for the Group as of June 30, 2013 is as follows:

	<u>New Jersey School Boards' Association Insurance Group</u>
Total Assets	<u>\$ 277,742,572</u>
Net Position	<u>\$ 65,389,322</u>
Total Revenue	<u>\$ 114,969,485</u>
Total Expenses	<u>\$ 113,723,547</u>
Change in Net Position	<u>\$ 1,245,938</u>
Member Dividends	<u>\$ -0-</u>

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

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

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

NOTE 16. RISK MANAGEMENT (Cont'd)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.

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013	\$ - 0 -	\$ 46,182	\$ 56,756	\$ 617,710
2012	- 0 -	43,397	175,348	628,284
2011	709,007	42,410	383,377	760,235

NOTE 17. 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, agreed-upon schedule.

NOTE 18. ACCOUNTS PAYABLE

The following accounts payable existed on the various balance sheets as of June 30, 2013:

	<u>Governmental Activities</u>			<u>Total</u>
	<u>General Fund</u>	<u>Speical Revenue Fund</u>	<u>Business-type Activities</u>	
Vendors	\$ 297,240	\$ 24,361	\$ 31	\$ 321,632
Due to Other Governments	63,137	18,360		81,497
	<u>\$ 360,377</u>	<u>\$ 42,721</u>	<u>\$ 31</u>	<u>\$ 403,129</u>

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

NOTE 19. 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.

Litigation

The District estimates that any potential claims against it resulting from litigation which would not be covered by insurance would not materially affect the financial position of the District.

Encumbrances

At June 30, 2013, there were encumbrances of \$70,667 in the governmental funds which were attributable to the District's General Fund.

NOTE 20. PRIOR YEAR ADJUSTMENTS

The District restated the General Fund fund balance in its governmental activities as of June 30, 2012 to recognize the state receivable for 2012 extraordinary aid.

	Balance 6/30/12 as Previously Reported	Retroactive Adjustments	Balance 6/30/12 as Restated
<u>Governmental Funds:</u>			
General Fund:			
Assets:			
Receivables from Other Governments	\$ 85,600	\$ 463,041	\$ 548,641
Total Assets	6,144,369	463,041	6,607,410
Fund Balance:			
Unassigned	176,041	463,041	639,082
Total Fund Balance	4,577,001	463,041	5,040,042

The District made a prior year adjustment in the District Wide Financial Statements to eliminate unamortized bond issuance costs reported in its Governmental activities as of June 30, 2012 as a result of early implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes standards of accounting and financial reporting for debt issuance costs. In accordance to GASB Statement No. 65, debt issuance costs, except any portion related to prepaid insurance costs, should be recognized as an expense in the period incurred.

The District adjusted the capital assets in its governmental activities as of June 30, 2012 to reflect the value of certain assets and the related accumulated depreciation that had not been included in the prior year audit. Additionally, the accumulated depreciation on the Business-Type Activities/Proprietary Funds was adjusted to the value in the District's capital assets inventory records at June 30, 2012.

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

NOTE 20. PRIOR YEAR ADJUSTMENTS (Cont'd)

Unamortized bond issuance premiums were reclassified from noncurrent liabilities to current liabilities. The General Fund fund balance restricted for excess surplus, excess surplus designated for subsequent year's expenditures, emergency reserve and tuition reserve was reclassified from Unrestricted Net Position to Restricted Net Position. Committed resources were reclassified from Restricted for Capital Projects to Unrestricted Net Position.

	<u>Balance 6/30/12</u> <u>as Previously</u> <u>Reported</u>	<u>Retroactive</u> <u>Adjustments</u>	<u>Balance 6/30/12</u> <u>as Restated</u>
<u>Statement of Net Position</u>			
<u>Governmental Assets:</u>			
<u>Assets:</u>			
<u>Capital Assets, Net:</u>			
Capital Assets Being Depreciated	\$ 41,535,239	\$ 143,202	\$ 41,678,441
Receivables from Other Governments	351,924	463,041	814,965
Bond Issuance Costs	292,182	(292,182)	
Total Assets	48,065,000	314,061	48,379,061
<u>Deferred Outflows of Resources:</u>			
Deferred Amount on Refunding	-0-	926,964	926,964
<u>Liabilities:</u>			
Unamortized Bond Issuance Premium		210,069	210,069
Noncurrent Liabilities	29,284,670	716,895	30,001,565
Total Liabilities	31,324,439	926,964	32,251,403
<u>Net Position:</u>			
Net Investment in Capital Assets	13,154,132	(865,875)	12,288,257
Restricted for Capital Projects	1,240,708	(87,969)	1,152,739
Restricted for Other Purposes	250,000	2,027,676	2,277,676
Unrestricted	2,039,438	(759,771)	1,279,667
Total Net Position	16,740,561	314,061	17,054,622
<u>Business-Type Activities:</u>			
<u>Assets:</u>			
Capital Assets, Net	104,401	18,587	122,988
Total Assets	447,369	18,587	465,956
<u>Net Position:</u>			
Net Investment in Capital Assets	104,401	18,587	122,988
Total Net Position	337,333	18,587	355,920

BUDGETARY COMPARISON SCHEDULES
(UNAUDITED)

BRANCBURG 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>
Revenue:					
Local Sources:					
Local Tax Levy	\$ 36,283,559		\$ 36,283,559	\$ 36,283,559	
Tuition - From Individuals	171,300		171,300	139,900	\$ (31,400)
Tuition - From Other LEA's				34,200	34,200
Interest Earned on Capital Reserve Funds				784	784
Interest on Investments				6,822	6,822
Miscellaneous	320,000		320,000	367,994	47,994
Total - Local Sources	<u>36,774,859</u>		<u>36,774,859</u>	<u>36,833,259</u>	<u>58,400</u>
State Sources:					
Transportation Aid	434,641		434,641	434,641	
Categorical Special Education Aid	1,286,241		1,286,241	1,286,241	
Security Aid	192,428		192,428	192,428	
Extraordinary Aid	250,000		250,000	443,726	193,726
Nonpublic Transportation				9,396	9,396
On-Behalf TPAF Contributions (Non-budgeted):					
Pension				864,885	864,885
Post-Retirement Medical Benefits				977,966	977,966
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				958,770	958,770
Total State Sources	<u>2,163,310</u>		<u>2,163,310</u>	<u>5,168,053</u>	<u>3,004,743</u>
Total Revenue	<u>38,938,169</u>		<u>38,938,169</u>	<u>42,001,312</u>	<u>3,063,143</u>

BRANCHBURG 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
Expenditures:					
Current Expense:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 118,362		\$ 118,362	\$ 118,362	
Kindergarten - Salaries of Teachers	314,146	\$ 30,060	344,206	340,613	\$ 3,593
Grades 1-5 - Salaries of Teachers	3,800,020	42,209	3,842,229	3,839,104	3,125
Grades 6-8 - Salaries of Teachers	2,915,675	(22,622)	2,893,053	2,890,704	2,349
Regular Programs - Home Instruction:					
Salaries of Teachers	21,000	(8,484)	12,516	10,725	1,791
Purchased Professional-Educational Services	3,500		3,500	3,150	350
Regular Programs - Undistributed Instruction:					
Purchased Technical Services	900		900	700	200
Other Purchased Services	79,094	11,374	90,468	80,398	10,070
General Supplies	613,181	(102,148)	511,033	397,125	113,908
Textbooks	29,500		29,500	28,824	676
Other Objects		250	250	215	35
Total Regular Programs - Instruction	7,895,378	(49,361)	7,846,017	7,709,920	136,097
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	2,102,664	(36,366)	2,066,298	2,056,212	10,086
Other Salaries for Instruction	505,297	(505,297)			
General Supplies	15,000	8,000	23,000	17,884	5,116
Total Resource Room/Resource Center	2,622,961	(533,663)	2,089,298	2,074,096	15,202
Preschool Disabilities - Part Time:					
Salaries of Teachers	109,206		109,206	105,902	3,304
Total Preschool Disabilities - Part Time	109,206		109,206	105,902	3,304
Total Special Education - Instruction	2,732,167	(533,663)	2,198,504	2,179,998	18,506

BRANCHBURG 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:					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 951,957	\$ 2,842	\$ 954,799	\$ 954,797	\$ 2
Other Salaries for Instruction	16,412		16,412	14,132	2,280
General Supplies	2,400		2,400	2,400	
Total Basic Skills/Remedial - Instruction	<u>970,769</u>	<u>2,842</u>	<u>973,611</u>	<u>971,329</u>	<u>2,282</u>
Bilingual Education - Instruction:					
Salaries of Teachers	170,190	(22,000)	148,190	148,024	166
General Supplies	450		450	109	341
Total Bilingual Education - Instruction	<u>170,640</u>	<u>(22,000)</u>	<u>148,640</u>	<u>148,133</u>	<u>507</u>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	67,696	(2,800)	64,896	47,797	17,099
Supplies and Materials	3,220	1,300	4,520	1,938	2,582
Total School-Sponsored Cocurricular Activities - Instruction	<u>70,916</u>	<u>(1,500)</u>	<u>69,416</u>	<u>49,735</u>	<u>19,681</u>
Other Instructional Programs:					
Salaries	82,278		82,278	66,600	15,678
Supplies and Materials	8,895		8,895	5,530	3,365
Total Other Instructional Programs	<u>91,173</u>		<u>91,173</u>	<u>72,130</u>	<u>19,043</u>
Before/After School Programs- Support Services:					
Salaries		10,300	10,300	10,137	163
Total Before/After School Programs - Support Services		<u>10,300</u>	<u>10,300</u>	<u>10,137</u>	<u>163</u>
Total Instruction	<u>11,931,043</u>	<u>(593,382)</u>	<u>11,337,661</u>	<u>11,141,382</u>	<u>196,279</u>

BRANCHBURG 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
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	\$ 9,903,817	\$ 24,900	\$ 9,928,717	\$ 9,927,334	\$ 1,383
Tuition to Other LEAs Within the State - Special	1,180,000	(95,000)	1,085,000	1,013,047	71,953
Tuition to CSSD & Regional Day Schools	13,000		13,000	5,200	7,800
Tuition to Private Schools for the Disabled - Within the State	1,839,159	(119,900)	1,719,259	1,497,502	221,757
Total Undistributed Expenditures - Instruction	12,935,976	(190,000)	12,745,976	12,443,083	302,893
Attendance & Social Work:					
Salaries	9,611		9,611	9,611	
Other Purchased Services (400-500 series)	100		100		100
Total Attendance & Social Work	9,711		9,711	9,611	100
Health Services:					
Salaries	345,417	(100)	345,317	332,809	12,508
Purchased Professional and Technical Services	5,500		5,500	5,300	200
Other Purchased Services (400-500 series)	325		325		325
Supplies and Materials	5,500	133	5,633	5,141	492
Total Health Services	356,742	33	356,775	343,250	13,525
Speech, OT, PT and Related Services:					
Salaries	430,516	131,106	561,622	560,848	774
Purchased Professional - Educational Services		54,383	54,383	43,126	11,257
Supplies and Materials	2,381		2,381	1,243	1,138
Other Objects					
Total Speech, OT, PT and Related Services	432,897	185,489	618,386	605,217	13,169
Other Support Services - Students - Extra Services					
Salaries	13,000	495,956	508,956	480,922	28,034
Total Other Support Services - Students - Extra Services	13,000	495,956	508,956	480,922	28,034

BRANCHBURG 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
Expenditures:					
Guidance:					
Salaries of Other Professional Staff	\$ 349,689	\$ 5,255	\$ 354,944	\$ 354,100	\$ 844
Total Guidance	349,689	5,255	354,944	354,100	844
Child Study Team:					
Salaries of Other Professional Staff	666,340	(112,036)	554,304	502,054	52,250
Salaries of Secretarial and Clerical Assistants	82,193		82,193	82,192	1
Purchased Professional - Educational Services	166,000	(86,283)	79,717	24,476	55,241
Miscellaneous Purchased Services (400-500 series)	17,380	2,150	19,530	12,229	7,301
Supplies and Materials	20,500	1,200	21,700	11,889	9,811
Other Objects	3,000		3,000	1,489	1,511
Total Child Study Team	955,413	(194,969)	760,444	634,329	126,115
Educational Media Services - School Library:					
Salaries	439,375	(6,394)	432,981	432,981	
Supplies and Materials	19,443		19,443	16,965	2,478
Total Educational Media Services - School Library	458,818	(6,394)	452,424	449,946	2,478
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	111,093	3,649	114,742	114,742	
Salaries of Other Professional Staff	41,937	6,950	48,887	48,745	142
Salaries of Secretarial and Clerical Assistants	32,397	(4,399)	27,998	27,397	601
Purchased Professional - Educational Services	29,850	(850)	29,000	28,973	27
Other Purchased Professional and Technical Services	4,800	(4,800)			
Other Purchased Services (400-500 series)	6,183	(132)	6,051	4,748	1,303
Supplies and Materials	3,000		3,000	875	2,125
Other Objects	4,224		4,224	2,933	1,291
Total Improvement of Instructional Services	233,484	418	233,902	228,413	5,489

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

Expenditures:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Instructional Staff Training Services:					
Salaries of Other Professional Staff	\$ 3,000	\$ 7,400	\$ 10,400	\$ 10,396	\$ 4
Purchased Professional - Educational Services	2,500	11,312	13,812	13,812	
Other Purchased Services (400-500 series)	6,629	(740)	5,889	5,888	1
Total Instructional Staff Training Services	12,129	17,972	30,101	30,096	5
General Administration:					
Salaries	218,185	7,303	225,488	225,281	207
Legal Services	50,000	(1,700)	48,300	44,038	4,262
Audit Fees	38,000	(2,590)	35,410	35,410	
Other Purchased Professional Services	25,629	5,586	31,215	25,343	5,872
Purchased Professional and Technical Services	1,500	(1,500)			
Communications/Telephone	111,232	(3,910)	107,322	63,517	43,805
BOE Other Purchased Services	3,000	(2,500)	500	250	250
Miscellaneous Purchased Services (400-500 series)	141,549	2,329	143,878	135,249	8,629
General Supplies	4,000		4,000	3,058	942
BOE In-House Training and Meeting Supplies	1,000		1,000	144	856
Judgement Against School District	200,000		200,000		200,000
Miscellaneous Expenditures	22,180	(2,000)	20,180	19,957	223
Board of Education Dues and Fees	22,000	(1,040)	20,960	20,633	327
Total General Administration	838,275	(22)	838,253	572,880	265,373
School Administration:					
Salaries of Principals/Assistant Principals	603,268	(2,000)	601,268	594,034	7,234
Salaries of Other Professional Staff	147,031		147,031	146,922	109
Salaries of Secretarial and Clerical Assistants	336,515	2,250	338,765	338,671	94
Other Purchased Services (400-500 series)	11,320		11,320	10,090	1,230
Supplies and Materials	6,200		6,200	4,887	1,313
Other Objects	6,760		6,760	4,280	2,480
Total School Administration	1,111,094	250	1,111,344	1,098,884	12,460

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

Expenditures:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Central Services:					
Salaries	\$ 380,262	\$ (9,490)	\$ 370,772	\$ 368,729	\$ 2,043
Purchased Professional Services	5,100	400	5,500	4,476	1,024
Miscellaneous Purchased Services (400-500 series)	16,200	3,500	19,700	13,097	6,603
Supplies and Materials	8,284	2,700	10,984	10,468	516
Miscellaneous Expenditures	2,000	(460)	1,540	1,239	301
Total Central Services	411,846	(3,350)	408,496	398,009	10,487
Administrative Information Technology:					
Salaries	100,905	(4,263)	96,642	96,642	
Purchased Technical Services	71,107	2,437	73,544	66,622	\$ 6,922
Other Purchased Services (400-500 series)	80,871	32,340	113,211	102,500	10,711
Supplies and Materials	73,272	1,400	74,672	69,313	5,359
Total Administrative Information Technology	326,155	31,914	358,069	335,077	22,992
Required Maintenance for School Facilities:					
Salaries	233,803	8,622	242,425	242,240	185
Cleaning, Repair and Maintenance Services	92,085	20,955	113,040	94,131	18,909
General Supplies	86,301	(1,301)	85,000	81,655	3,345
Other Objects		1,650	1,650	1,019	631
Total Required Maintenance for School Facilities	412,189	29,926	442,115	419,045	23,070
Custodial Services:					
Salaries	172,017	(153)	171,864	145,657	26,207
Cleaning, Repair and Maintenance Services	622,218	(24,220)	597,998	564,792	33,206
Other Purchased Property Services	27,500	900	28,400	20,799	7,601
Insurance	31,158	2,190	33,348	33,348	
General Supplies	73,198	(150)	73,048	50,044	23,004
Energy (Natural Gas)	115,600		115,600	67,095	48,505
Energy (Electricity)	580,622	(7,900)	572,722	328,020	244,702
Other Objects	1,114	150	1,264	710	554
Total Custodial Services	1,624,477	(30,233)	1,594,244	1,210,465	383,779

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

Expenditures:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Student Transportation Services:					
Salaries:					
Between Home & School - Regular	\$ 676,847	\$ (10,580)	\$ 666,267	\$ 657,781	\$ 8,486
Between Home & School - Special Education	136,186	33,255	169,441	160,489	8,952
Other than Between Home & School	60,875	8,500	69,375	49,057	20,318
Between Home & School - Nonpublic Students	50,323	(10,937)	39,386	35,634	3,752
Other Purchased Professional and Technical Services	29,897	35,000	64,897	57,259	7,638
Cleaning, Repair and Maintenance Services	5,220		5,220	3,694	1,526
Lease Purchase Payments - School Buses	143,497	(60,000)	83,497	83,496	1
Contracted Services:					
Between Home & School - Vendors	264,000		264,000	264,000	
Special Ed. Students - ESC's & CTSA's	620,475	6,800	627,275	537,705	89,570
Aid in Lieu Payments - Nonpublic Students	72,488	(9,200)	63,288	56,394	6,894
Miscellaneous Purchased Services - Transportation	500	600	1,100	945	155
General Supplies	149,683	(6,299)	143,384	87,074	56,310
Transportation Supplies	263,652	(20,000)	243,652	176,825	66,827
Other Objects	700		700	438	262
Total Student Transportation Services	2,474,343	(32,861)	2,441,482	2,170,791	270,691
Unallocated Benefits:					
Social Security Contributions	330,000		330,000	322,824	7,176
Other Retirement Contributions - PERS	303,376	(25,000)	278,376	277,802	574
Other Retirement Contributions - Regular	10,930		10,930	5,751	5,179
Workmen's Compensation	162,174	(32,514)	129,660	128,909	751
Health Benefits	4,211,137	199,872	4,411,009	4,254,614	156,395
Tuition Reimbursement	81,000		81,000	59,510	21,490
Other Employee Benefits	80,050	27,128	107,178	98,575	8,603
Total Unallocated Benefits	5,178,667	169,486	5,348,153	5,147,985	200,168

BRANCBURG 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
Expenditures:					
On-Behalf TPAF Pension Contribution (Non-Budgeted)				\$ 864,885	\$ (864,885)
On-Behalf TPAF Post-Retirement Medical Benefits (Non-Budgeted)				977,966	(977,966)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				958,770	(958,770)
Total On-Behalf Contributions				2,801,621	(2,801,621)
Total Personal Services - Employee Benefits	\$ 5,178,667	\$ 169,486	\$ 5,348,153	7,949,606	(2,601,453)
Total Undistributed Expenditures	28,134,905	478,870	28,613,775	29,733,724	(1,119,949)
Total Current Expense	40,065,948	(114,512)	39,951,436	40,875,106	(923,670)
Capital Outlay:					
Equipment:					
Regular Programs - Instruction:					
Grades 1 - 5		2,635	2,635	2,635	
Special Programs - Instruction	8,000	(3,725)	4,275	4,275	
Administrative Information Technology	30,000	40,000	70,000	64,995	5,005
Required Maintenance School Facilities	7,500	(375)	7,125		7,125
Non-Instructional Equipment	3,000	34,100	37,100	32,995	4,105
School Buses - Regular	170,000	41,877	211,877	211,877	
Total	218,500	114,512	333,012	316,777	16,235
Facilities Acquisition and Construction Services:					
Salaries		1,400	1,400	1,334	66
Construction Services	339,100	(48,200)	290,900	178,581	112,319
Supplies and Materials	40,000	35,000	75,000	15,350	59,650
Other Objects - SDA Debt Service Assessment	42,724		42,724	42,724	
Other Purchased Professional & Technical Services	6,600	11,800	18,400	15,400	3,000
Total	428,424		428,424	253,389	175,035
Total Capital Outlay Expenditures	646,924	114,512	761,436	570,166	191,270
Total Expenditures	40,712,872		40,712,872	41,445,272	(732,400)

BRANCHBURG 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>
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ (1,774,703)		\$ (1,774,703)	\$ 556,040	\$ 2,330,743
Other Financing Sources:					
Transfer from Capital Projects Fund - Unexpended Balances				708	708
Total Other Financing Sources				<u>708</u>	<u>708</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(1,774,703)		(1,774,703)	556,748	2,331,451
Fund Balance, July 1	<u>5,182,182</u>		<u>5,182,182</u>	<u>5,182,182</u>	
Fund Balance, June 30	<u>\$ 3,407,479</u>	<u>\$ -0-</u>	<u>\$ 3,407,479</u>	<u>\$ 5,738,930</u>	<u>\$ 2,331,451</u>
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 1,754,231	
Maintenance Reserve				300,000	
Tuition Reserve - For 2013-2014				600,000	
Tuition Reserve - For 2014-2015				900,000	
Emergency Reserve Account				120,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				503,518	
Excess Surplus				218,037	
Assigned to:					
Designated for Subsequent Year's Expenditures				296,482	
Year-end Encumbrances				70,667	
Unassigned				<u>975,995</u>	
				5,738,930	
Reconciliation to Governmental Fund Statements (GAAP):					
Last Two State Aid Payments not recognized on GAAP Basis				<u>(186,271)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 5,552,659</u>	

BRANCHBURG 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	\$ 8,000	\$ 35,003	\$ 43,003	\$ 29,267	\$ (13,736)
State Sources	17,000	(2,748)	14,252	7,152	(7,100)
Federal Sources	310,000	360,914	670,914	521,553	(149,361)
Total Revenue	335,000	393,169	728,169	557,972	(170,197)
Expenditures:					
Instruction:					
Salaries of Teachers	6,000	19,482	25,482	14,660	10,822
Purchased Professional and Technical Services	20,000	(8,959)	11,041	2,700	8,341
Tuition	250,000	250,507	500,507	393,149	107,358
General Supplies	8,000	38,664	46,664	29,667	16,997
Textbooks	5,000	(1,935)	3,065	2,828	237
Total Instruction	289,000	297,759	586,759	443,004	143,755
Support Services:					
Salaries of Other Professional Staff	6,000	(1,747)	4,253	3,191	1,062
Personal Services - Employee Benefits		1,506	1,506		1,506
Purchased Professional/Educational Services	20,000	62,917	82,917	73,040	9,877
Other Purchased Services		22,579	22,579	16,048	6,531
Supplies and Materials	20,000	(11,120)	8,880	8,714	166
Total Support Services	46,000	74,135	120,135	100,993	19,142
Facilities Acquisition and Construction Services:					
Instructional Equipment		21,275	21,275	13,975	7,300
Total Facilities Acquisition and Construction Services		21,275	21,275	13,975	7,300
Total Expenditures	335,000	393,169	728,169	557,972	170,197
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -

BRANCHBURG 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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 42,001,312	\$ 557,972
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.		2,650
Prior Year State Aid Payments recognized for GAAP statements	142,140	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(186,271)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 41,957,181</u>	<u>\$ 560,622</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 41,445,272	\$ 557,972
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.		<u>2,650</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 41,445,272</u>	<u>\$ 560,622</u>

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 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. All budget amendments and transfers must be made by school Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for equally authorized revisions of the of the annual budgets during the year).

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

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

	<u>No Child Left Behind</u>		<u>IDEA, Part B</u>	
	<u>Title I</u>	<u>Title IIA</u>	<u>Basic</u>	<u>Preschool</u>
REVENUE:				
Local Sources				
State Sources				
Federal Sources	\$ 16,541	\$ 33,299	\$ 457,652	\$ 14,061
Total Revenue	<u>16,541</u>	<u>33,299</u>	<u>457,652</u>	<u>14,061</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers	14,248			
Purchased Professional and Technical Services				
Tuition			393,149	
General Supplies	2,293			5,836
Textbooks				
Total Instruction	<u>16,541</u>		<u>393,149</u>	<u>5,836</u>
Support Services:				
Salaries of Other Professional Staff				
Purchased Professional and Educational Services		27,401	45,639	
Other Purchased Services		5,748	10,300	
Supplies and Materials		150	8,564	
Total Support Services		<u>33,299</u>	<u>64,503</u>	
Equipment:				
Instructional Equipment				8,225
Total Equipment				<u>8,225</u>
Total Expenditures	<u>\$ 16,541</u>	<u>\$ 33,299</u>	<u>\$ 457,652</u>	<u>\$ 14,061</u>

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

	<u>Nonpublic</u>			<u>Nonpublic Auxiliary Aid</u>
	<u>Textbooks</u>	<u>Technology</u>	<u>Nursing</u>	<u>Compensatory Education</u>
REVENUE:				
Local Sources				
State Sources	\$ 2,828	\$ 721	\$ 3,191	\$ 334
Federal Sources				
Total Revenue	<u>2,828</u>	<u>721</u>	<u>3,191</u>	<u>334</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers				334
Purchased Professional and Technical Services				
Tuition				
General Supplies		721		
Textbooks	2,828			
Total Instruction	<u>2,828</u>	<u>721</u>		<u>334</u>
Support Services:				
Salaries of Other Professional Staff			3,191	
Purchased Professional and Educational Services				
Other Purchased Services				
Supplies and Materials				
Total Support Services			<u>3,191</u>	
Equipment:				
Instructional Equipment				
Total Equipment				
Total Expenditures	<u>\$ 2,828</u>	<u>\$ 721</u>	<u>\$ 3,191</u>	<u>\$ 334</u>

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

	<u>Nonpublic Handicapped Aid</u>		<u>Totals June 30, 2013</u>
	<u>Corrective Speech</u>	<u>Local Grants</u>	
REVENUE:			
Local Sources		\$ 29,267	\$ 29,267
State Sources	\$ 78		7,152
Federal Sources			521,553
Total Revenue	<u>78</u>	<u>29,267</u>	<u>557,972</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	78		14,660
Purchased Professional and Technical Services		2,700	2,700
Tuition			393,149
General Supplies		20,817	29,667
Textbooks			2,828
Total Instruction	<u>78</u>	<u>23,517</u>	<u>443,004</u>
Support Services:			
Salaries of Other Professional Staff			3,191
Purchased Professional and Educational Services			73,040
Other Purchased Services			16,048
Supplies and materials			8,714
Total Support Services			<u>100,993</u>
Equipment:			
Instructional Equipment		5,750	13,975
Total Equipment		<u>5,750</u>	<u>13,975</u>
Total Expenditures	<u>\$ 78</u>	<u>\$ 29,267</u>	<u>\$ 557,972</u>

CAPITAL PROJECTS FUND

Exhibit F-1

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Other Financing Uses:	
Operating Transfer Out - General Fund - Unexpended Balances	\$ (708)
Operating Transfer Out - Debt Service Fund - Unexpended Balances	(55,602)
SDA Grant Cancelled	<u>(1,885)</u>
Total Other Financing Uses	<u>(58,195)</u>
Deficiency of Revenues Over/(Under) Expenditures and Other Financing Uses	<u>(58,195)</u>
Fund Balance - July 1	<u>143,571</u>
Fund Balance - June 30	<u>\$ 85,376</u>
Recapitulation:	
Restricted	\$ 55,602
Committed	<u>29,774</u>
Total Fund Balance	<u>\$ 85,376</u>

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
RENOVATIONS AND ADDITIONS TO MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Prior Periods	Current Year	Totals	Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 3,326,880		\$ 3,326,880	\$ 3,326,880
Bond Proceeds and Transfers	13,664,120		13,664,120	13,664,120
Total Revenue and Other Financing Sources	16,991,000		16,991,000	16,991,000
Expenditures and Other Financing Uses:				
Equipment	11,487		11,487	11,487
Purchased Professional and Technical Services	1,417,360		1,417,360	1,417,360
Construction Services	15,383,097		15,383,097	15,383,097
Transfer to Debt Service Fund	178,206	\$ 850	179,056	179,056
Total Expenditures and Other Financing Uses	16,990,150	850	16,991,000	16,991,000
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ 850	\$ (850)	\$ - 0 -	\$ - 0 -

Additional Project Information:

Project Number	SP0510-020-00-0332-00
Grant Date	8/5/2002
Bond Authorization Date	Not Available
Bonds Authorized	\$ 13,664,000
Bonds Issued	\$ 13,664,000
Original Authorized Cost	\$ 16,991,000
Percentage Completion	100%
Original Target Completion Date	8/1/2003
Revised Target Completion Date	8/1/2003

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
EXTERIOR LIGHTING AT OLD YORK SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 566		\$ 566	\$ 566
Transfer from Capital Reserve	2,849	\$ (143)	2,706	2,706
Total Revenue and Other Financing Sources	3,415	(143)	3,272	3,272
Expenditures:				
Construction Services	3,272		3,272	3,272
Total Expenditures	3,272		3,272	3,272
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 143</u>	<u>\$ (143)</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number	SP0510-050-04-00XV
Grant Date	11/10/2005
Bond Authorization Date	Not Applicable
Bonds Authorized	None
Bonds Issued	None
Original Authorized Cost	\$ 3,415
SDA Grant Cancelled	\$ (143)
Revised Authorized Cost	\$ 3,272
Percentage Completion	100%
Original Target Completion Date	12/31/2006
Revised Target Completion Date	12/31/2007

BRANCBURG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
SAFETY FENCING AT MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Transfer from capital reserve	\$ 9,545	\$ (575)	\$ 8,970	\$ 8,970
Total Revenue and Other Financing Sources	<u>9,545</u>	<u>(575)</u>	<u>8,970</u>	<u>8,970</u>
Expenditures:				
Construction Services	8,970		8,970	8,970
Total Expenditures	<u>8,970</u>		<u>8,970</u>	<u>8,970</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 575</u>	<u>\$ (575)</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number	Not Available
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	None
Bonds Issued	None
Original Authorized Cost	\$ 9,545
SDA Grant Cancelled	\$ (575)
Revised Authorized Cost	\$ 8,970
Percentage Completion	100%
Original Target Completion Date	12/31/2006
Revised Target Completion Date	12/31/2006

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
ADA SIGNAGE AND EXTERIOR LIGHTING AT STONY BROOK SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 1,875	\$ (1,875)		
Transfer from capital reserve	19,233	660	\$ 19,893	\$ 19,893
Total Revenue and Other Financing Sources	<u>21,108</u>	<u>(1,215)</u>	<u>19,893</u>	<u>19,893</u>
Expenditures:				
Construction Services	19,893		19,893	19,893
Total Expenditures	<u>19,893</u>		<u>19,893</u>	<u>19,893</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 1,215</u>	<u>\$ (1,215)</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number	SP0510-060-04-0AEC
Grant Date	11/10/2005
Bond Authorization Date	Not Applicable
Bonds Authorized	None
Bonds Issued	None
Original Authorized Cost	\$ 21,108
SDA Grant Cancelled	\$ (1,875)
Additional Transfer from Capital Reserve	\$ 660
Revised Authorized Cost	19,893
Percentage Completion	100%
Original Target Completion Date	12/31/2006
Revised Target Completion Date	12/31/2006

BRANCBURG TOWNSHIP SCHOOL DISTRICTCAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASISBLEACHER SAFETY RAILS AND WALL PANELS AT MIDDLE SCHOOLFROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 4,298		\$ 4,298	\$ 4,298
Transfer from Capital Reserve	6,447	\$ (660)	5,787	5,787
Total Revenue and Other Financing Sources	<u>10,745</u>	<u>(660)</u>	<u>10,085</u>	<u>10,085</u>
Expenditures:				
Construction Services	3,250		3,250	10,085
Total Expenditures	<u>3,250</u>		<u>3,250</u>	<u>10,085</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 7,495</u>	<u>\$ - 0 -</u>	<u>\$ 6,835</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number:	SP0510-020-01-OAED
Grant Date	11/10/2005
Bond Authorization Date	Not Applicable
Bonds Authorized	None
Bonds Issued	None
Original Authorized Cost	\$ 10,745
Returned to Capital Reserve	\$ (660)
Revised Authorized Cost	\$ 10,085
Percentage Completion	100%
Original Target Completion Date	12/31/2006
Revised Target Completion Date	12/31/2007

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
HVAC/ SOLAR PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:				
Bond proceeds and transfers	\$ 3,305,000		\$ 3,305,000	\$ 3,305,000
Total Revenue and Other Financing Sources	<u>3,305,000</u>		<u>3,305,000</u>	<u>3,305,000</u>
Expenditures and Other Financing Uses:				
Prior Year Expenditures				
Legal Services	14,342		14,342	14,342
Purchased Professional and Technical Services	210,806		210,806	210,806
Construction Services	2,857,649		2,857,649	2,913,251
Transfer to Debt Service Fund	111,849	\$ 54,752	166,601	166,601
Total Expenditures and Other Financing Uses	<u>3,194,646</u>	<u>54,752</u>	<u>3,249,398</u>	<u>3,305,000</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 110,354</u>	<u>\$ (54,752)</u>	<u>\$ 55,602</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number	Not Available
Grant Date	Not Applicable
Bond Authorization Date	Not Available
Bonds Authorized	\$ 3,305,000
Bonds Issued	\$ 3,305,000
Original Authorized Cost	\$ 3,305,000
Percentage Completion	100%
Original Target Completion Date	6/30/2008
Revised Target Completion Date	6/30/2008

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
MIDDLE SCHOOL NEW GYM LIGHTING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 9,863		\$ 9,863	\$ 9,863
Transfer from Capital Reserve	14,795		14,795	14,795
Total Revenue and Other Financing Sources	<u>24,658</u>		<u>24,658</u>	<u>24,658</u>
Expenditures:				
Purchased Professional and Technical Services	10,084		10,084	24,658
Total Expenditures	<u>10,084</u>		<u>10,084</u>	<u>24,658</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 14,574</u>	<u>\$ - 0 -</u>	<u>\$ 14,574</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number	0510-020-09-0ZXU
Grant Date	9/24/2010
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	None
Original Authorized Cost	\$ 24,658
Percentage Completion	100%
Original Target Completion Date	6/30/2011
Revised Target Completion Date	6/30/2011

BRANCBURG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
STONY BROOK SCHOOL NEW GYM LIGHTING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 1,633		\$ 1,633	\$ 1,633
Transfer from Capital Reserve	2,449		2,449	2,449
Total Revenue and Other Financing Sources	4,082		4,082	4,082
Expenditures:				
Purchased Professional and Technical Services	2,832		2,832	4,082
Total Expenditures	2,832		2,832	4,082
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 1,250</u>	<u>\$ - 0 -</u>	<u>\$ 1,250</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number	0510-060-09-0ZXW
Grant Date	9/24/2010
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	None
Original Authorized Cost	\$ 4,082
Revised Authorized Cost	4,082
Percentage Completion	100%
Original Target Completion Date	6/30/2011
Revised Target Completion Date	6/30/2011

BRANCBURG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
WHITON SCHOOL NEW GYM LIGHTING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 3,255		\$ 3,255	\$ 3,255
Transfer from Capital Reserve	4,884		4,884	4,884
Total Revenue and Other Financing Sources	<u>8,139</u>		<u>8,139</u>	<u>8,139</u>
Expenditures:				
Purchased Professional and Technical Services	1,416		1,416	8,139
Total Expenditures	<u>1,416</u>		<u>1,416</u>	<u>8,139</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 6,723</u>	<u>\$ - 0 -</u>	<u>\$ 6,723</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number	0510-090-09-0ZXX
Grant Date	9/27/2010
Bond Authorization Date	Not Applicable
Bonds Authorized	None
Bonds Issued	None
Original Authorized Cost	\$ 8,139
Revised Authorized Cost	8,139
Percentage Completion	100%
Original Target Completion Date	6/30/2011
Revised Target Completion Date	6/30/2011

BRANCBURG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
OLD YORK SCHOOL NEW GYM LIGHTING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 2,855		\$ 2,855	\$ 2,855
Total Revenue and Other Financing Sources	<u>2,855</u>		<u>2,855</u>	<u>2,855</u>
Expenditures:				
Supplies and Materials	<u>2,463</u>		<u>2,463</u>	<u>2,855</u>
Total Expenditures	<u>2,463</u>		<u>2,463</u>	<u>2,855</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 392</u>	<u>\$ - 0 -</u>	<u>\$ 392</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number	Not Available
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	None
Bonds Issued	None
Original Authorized Cost	\$ 2,855
Revised Authorized Cost	2,855
Percentage Completion	100%
Original Target Completion Date	6/30/2011
Revised Target Completion Date	6/30/2011

PROPRIETARY FUNDS

Exhibit G-1

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2013

	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	Food Service Program	Community Education Program	<u>Totals</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 106,663	\$ 25,164	\$ 131,827
Accounts Receivable:			
State	660		660
Federal	5,300		5,300
Interfund Receivable:			
General Fund	85,863		85,863
Food Service Fund		1,352	1,352
Inventories	8,432		8,432
	<u>206,918</u>	<u>26,516</u>	<u>233,434</u>
Total Current Assets			
Capital Assets:			
Furniture & Equipment	481,630		481,630
Accumulated Depreciation	(373,037)		(373,037)
	<u>108,593</u>		<u>108,593</u>
Total Capital Assets, Net			
	<u>315,511</u>	<u>26,516</u>	<u>342,027</u>
Total Assets			
LIABILITIES:			
Current Liabilities:			
Interfund Payable:			
Community Education Fund	1,352		1,352
Accounts Payable	31		31
Unearned Revenue	15,803		15,803
	<u>17,186</u>		<u>17,186</u>
Total Current Liabilities			
NET POSITION:			
Net Investment in Capital Assets	108,593		108,593
Unrestricted	189,732	26,516	216,248
	<u>298,325</u>	<u>26,516</u>	<u>324,841</u>
Total Net Position			

Exhibit G-2

BRANCBURG BOARD OF EDUCATION
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	Food Service Program	Community Education Program	<u>Totals</u>
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 239,180		\$ 239,180
Daily Sales - Non-Reimbursable Programs	320,219		320,219
Miscellaneous Program Fees		\$ 72,295	72,295
Total Operating Revenue	<u>559,399</u>	<u>72,295</u>	<u>631,694</u>
Operating Expenses:			
Cost of Sales	296,837		296,837
Salaries, Benefits & Payroll Taxes	323,507	58,477	381,984
Supplies and Materials	5,336	3,884	9,220
Purchased Professional Services	60,481		60,481
Other Purchased Services		2,075	2,075
Depreciation	14,395		14,395
Total Operating Expenses	<u>700,556</u>	<u>64,436</u>	<u>764,992</u>
Operating Income/(Loss)	<u>(141,157)</u>	<u>7,859</u>	<u>(133,298)</u>
Non-Operating Revenue:			
State Sources:			
State School Lunch Program	4,999		4,999
Federal Sources:			
National School Lunch Program	62,853		62,853
Special Milk Program	4,780		4,780
Food Distribution Program	27,505		27,505
Local Sources:			
Interest Income	2,082		2,082
Total Non-Operating Revenue	<u>102,219</u>		<u>102,219</u>
Change in Net Position	<u>(38,938)</u>	<u>7,859</u>	<u>(31,079)</u>
Net Position - Beginning of Year (Restated)	<u>337,263</u>	<u>18,657</u>	<u>355,920</u>
Net Position - End of Year	<u>\$ 298,325</u>	<u>\$ 26,516</u>	<u>\$ 324,841</u>

Exhibit G-3

BRANCBURG TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	Food Service Program	Community Education Program	Totals
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 559,399	\$ 9,427	\$ 568,826
Payments to Employees	(323,507)	(58,477)	(381,984)
Payments to Suppliers	(366,930)	(6,022)	(372,952)
Net Cash Used for Operating Activities	(131,038)	(55,072)	(186,110)
Cash Flows from Investing Activities:			
Interest Income	2,082		2,082
Net Cash Provided by Investing Activities	2,082		2,082
Cash Flows from Noncapital Financing Activities:			
Cash Received from State and Federal Reimbursements	70,616		70,616
Cash Disbursed to General Fund	(9,208)		(9,208)
Net Cash Provided by Noncapital Financing Activities	61,408		61,408
Net (Decrease) in Cash and Cash Equivalents	(67,548)	(55,072)	(122,620)
Cash and Cash Equivalents, July 1	174,211	80,236	254,447
Cash and Cash Equivalents, June 30	\$ 106,663	\$ 25,164	\$ 131,827
Reconciliation of Operating Income/(Loss) to Net Cash			
Used for Operating Activities:			
Operating Income/(Loss)	\$ (141,157)	\$ 7,859	\$ (133,298)
Adjustment to Reconcile Operating Income/(Loss) to Cash			
Provided by/(Used for) Operating Activities:			
Depreciation	14,395		14,395
Federal Food Distribution Program	27,505		27,505
Changes in Assets and Liabilities:			
(Increase) in Inventory	(510)		(510)
(Decrease) in Unearned Revenue	(2,455)	(62,868)	(65,323)
(Decrease) in Accounts Payable	(28,816)	(63)	(28,879)
Net Cash Used for Operating Activities	\$ (131,038)	\$ (55,072)	\$ (186,110)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received \$24,905 and utilized \$27,705 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2013.

FIDUCIARY FUNDS

BRANCHBURG 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>Flexible Spending Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>			
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 72,394	\$ 2,417	\$ 74,811	\$ 617,710	\$ 4,900
Interfund Receivable:					
General Fund		1,375,051	1,375,051		
Total Assets	<u>72,394</u>	<u>1,377,468</u>	<u>1,449,862</u>	<u>617,710</u>	<u>4,900</u>
<u>LIABILITIES:</u>					
Payroll Deductions and Withholdings		936	936		
Summer Savings Deductions Payable		1,192	1,192		
Accrued Salaries and Wages		1,375,340	1,375,340		
Due to Student Groups	72,394		72,394		
Total Liabilities	<u>72,394</u>	<u>1,377,468</u>	<u>1,449,862</u>		
<u>NET POSITION:</u>					
Held in Trust for Unemployment Claims				617,710	
Held in Trust for Flexible Spending Claims					4,900
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 617,710</u>	<u>\$ 4,900</u>

Exhibit H-2

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Totals</u>
ADDITIONS:			
Contributions:			
Plan Members	\$ 45,509	\$ 27,057	\$ 72,566
Interest Earnings	673		673
Total Additions	<u>46,182</u>	<u>27,057</u>	<u>73,239</u>
DEDUCTIONS:			
Unemployment Benefit Claims	56,756		56,756
Flexible Spending Claims		22,157	22,157
Total Deductions	<u>56,756</u>	<u>22,157</u>	<u>78,988</u>
Change in Net Position	(10,574)	4,900	(5,674)
Net Position- July 1	<u>628,284</u>		<u>628,284</u>
Net Position - June 30	<u>\$ 617,710</u>	<u>\$ 4,900</u>	<u>\$ 622,610</u>

Exhibit H-3

BRANCBURG 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>
ASSETS:				
Cash and Cash Equivalents	\$ 104,966	\$ 157,704	\$ 190,276	\$ 72,394
Total Assets	<u>\$ 104,966</u>	<u>\$ 157,704</u>	<u>\$ 190,276</u>	<u>\$ 72,394</u>
 LIABILITIES:				
Due to Student Groups	\$ 104,966	\$ 157,704	\$ 190,276	\$ 72,394
Total Liabilities	<u>\$ 104,966</u>	<u>\$ 157,704</u>	<u>\$ 190,276</u>	<u>\$ 72,394</u>

Exhibit H-4

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2013</u>
Elementary and Middle Schools:				
Central Middle School	\$ 79,758	\$ 83,299	\$ 117,848	\$ 45,209
Whiton School	14,059	36,469	33,325	17,203
Stony Brook School	11,149	37,936	39,103	9,982
Subtotal All Schools	<u>104,966</u>	<u>157,704</u>	<u>190,276</u>	<u>72,394</u>
Total Student Activites	<u>\$ 104,966</u>	<u>\$ 157,704</u>	<u>\$ 190,276</u>	<u>\$ 72,394</u>

Exhibit H-5

BRANCBURG TOWNSHIP SCHOOL DISTRICT
PAYROLL 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>
ASSETS:				
Cash and Cash Equivalents	\$ 2,511	\$ 7,829,855	\$ 7,829,949	\$ 2,417
Due from Other Funds	1,273,472	1,375,051	1,273,472	1,375,051
Total Assets	<u>\$ 1,275,983</u>	<u>\$ 9,204,906</u>	<u>\$ 9,103,421</u>	<u>\$ 1,377,468</u>
 LIABILITIES:				
Payroll Deductions and Withholdings	\$ 1,030	\$ 7,774,749	\$ 7,774,843	\$ 936
Summer Savings Deductions Payable	1,192	55,106	55,106	1,192
Accrued Salaries and Wages	1,273,761	1,375,051	1,273,472	1,375,340
Total Liabilities	<u>\$ 1,275,983</u>	<u>\$ 9,204,906</u>	<u>\$ 9,103,421</u>	<u>\$ 1,377,468</u>

LONG-TERM DEBT

BRANCBURG TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2013		Interest Rate	Balance July 1, 2012	Retired or Matured	Balance June 30, 2013
			Date	Amount				
Refunding School Bonds 2006	07/15/06	\$ 18,100,000	7/15/13	\$ 345,000	5.000%	\$ 17,730,000	\$ 305,000	\$ 17,425,000
			7/15/14	385,000	5.000%			
			7/15/15	435,000	5.000%			
			7/15/16	490,000	5.000%			
			7/15/17	545,000	5.000%			
			7/15/18	605,000	5.000%			
			7/15/19	665,000	4.000%			
			7/15/20	735,000	4.000%			
			7/15/21	800,000	4.125%			
			7/15/22	880,000	4.125%			
			7/15/23	960,000	4.125%			
			7/15/24	1,045,000	4.125%			
			7/15/25	1,145,000	4.250%			
			7/15/26	1,245,000	4.250%			
			7/15/27	1,305,000	4.250%			
			7/15/28	1,360,000	4.250%			
			7/15/29	1,425,000	4.250%			
			7/15/30	1,495,000	4.250%			
			7/15/31	1,560,000	4.250%			
School Bonds 2007	02/01/2007	\$ 3,305,000	2/1/14	210,000	4.000%			
			2/1/15	215,000	4.000%			
			2/1/16	225,000	4.000%			
			2/1/17	235,000	4.000%			

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2013		Interest Rate	Balance July 1, 2012	Retired or Matured	Balance June 30, 2013
			Date	Amount				
School Bonds 2007	02/01/2007	\$ 3,305,000	2/1/18	\$ 245,000	4.000%	\$ 2,415,000	\$ 200,000	\$ 2,215,000
			2/1/19	255,000	4.000%			
			2/1/20	265,000	4.000%			
			2/1/21	275,000	4.000%			
			2/1/22	290,000	4.000%			
Refunding Bonds of 2010	11/16/2010	\$ 9,760,000	2/1/14	570,000	3.000%	\$ 9,010,000	\$ 570,000	\$ 8,440,000
			2/1/15	565,000	3.000%			
			2/1/16	575,000	3.000%			
			2/1/17	490,000	4.000%			
			2/1/18	515,000	4.000%			
			2/1/19	535,000	4.000%			
			2/1/20	555,000	4.000%			
			2/1/21	585,000	4.000%			
			2/1/22	605,000	4.000%			
			2/1/23	815,000	3.250%			
			2/1/24	835,000	4.000%			
			2/1/25	880,000	3.500%			
			2/1/26	915,000	3.625%			

Exhibit I-2

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2012</u>	<u>Retired or Matured</u>	<u>Balance June 30, 2013</u>
Buses	3.220%	\$ 380,000	\$ 235,184	\$ 75,924	\$ 159,260
			<u>\$ 235,184</u>	<u>\$ 75,924</u>	<u>\$ 159,260</u>

STATISTICAL SECTION

STATISTICAL SECTION
(UNAUDITED)

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

Contents

	<u>Exhibit</u>
<p>Financial Trends</p> <p>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</p>	J-1 thru J-5
<p>Revenue Capacity</p> <p>These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.</p>	J-6 thru J-9
<p>Debt Capacity</p> <p>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.</p>	J-10 thru J-13
<p>Demographic and Economic Information</p> <p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.</p>	J-14 thru J-15
<p>Operating Information</p> <p>These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.</p>	J-16 thru J-20

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

BRANCBURG TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	(Restated)	2013
									2012	
Governmental Activities:										
Net Investment (Deficit) in Capital Assets	\$ 748,021	\$ 2,285,093	\$ 1,762,927	\$ (1,299,261)	\$ (13,004,518)	\$ (9,343,289)	\$ (8,385,886)	\$ (7,809,967)	\$ 12,288,257	\$ 12,313,755
Restricted	1,137,206	986,910	1,534,860	4,274,525	4,627,275	587,316	824,455	937,178	3,486,698	4,451,389
Unrestricted (Deficit)	28,729	196,427	316,094	389,520	(819,201)	930,271	1,339,087	1,467,536	1,279,667	721,738
Total Governmental Activities										
Net Position (Deficit)	<u>\$ 1,913,956</u>	<u>\$ 3,468,430</u>	<u>\$ 3,613,881</u>	<u>\$ 3,364,784</u>	<u>\$ (9,196,444)</u>	<u>\$ (7,825,702)</u>	<u>\$ (6,222,344)</u>	<u>\$ (5,405,253)</u>	<u>\$ 17,054,622</u>	<u>\$ 17,486,882</u>
Business-Type Activities:										
Net Investment in Capital Assets	\$ 317	\$ 13,597	\$ 12,238	\$ 26,203	\$ 119,389	\$ 94,558	\$ 147,465	\$ 122,634	\$ 122,988	\$ 108,593
Unrestricted	73,732	115,273	173,638	132,155	156,837	109,820	102,929	169,147	232,932	216,248
Total Business-Type Activities Net Position	<u>\$ 74,049</u>	<u>\$ 128,870</u>	<u>\$ 185,876</u>	<u>\$ 158,358</u>	<u>\$ 276,226</u>	<u>\$ 204,378</u>	<u>\$ 250,394</u>	<u>\$ 291,781</u>	<u>\$ 355,920</u>	<u>\$ 324,841</u>
District-Wide:										
Net Investment (Deficit) in Capital Assets	\$ 748,338	\$ 2,298,690	\$ 1,775,165	\$ (1,273,058)	\$ (12,885,129)	\$ (9,248,731)	\$ (8,238,421)	\$ (7,687,333)	\$ 12,411,245	\$ 12,422,348
Restricted	1,137,206	986,910	1,534,860	4,274,525	4,627,275	587,316	824,455	937,178	3,486,698	4,451,389
Unrestricted (Deficit)	102,461	311,700	489,732	521,675	(662,364)	1,040,091	1,442,016	1,636,683	1,512,599	937,986
Total District-Wide Net Position (Deficit)	<u>\$ 1,988,005</u>	<u>\$ 3,597,300</u>	<u>\$ 3,799,757</u>	<u>\$ 3,523,142</u>	<u>\$ (8,920,218)</u>	<u>\$ (7,621,324)</u>	<u>\$ (5,971,950)</u>	<u>\$ (5,113,472)</u>	<u>\$ 17,410,542</u>	<u>\$ 17,811,723</u>

Source: Branchburg Township School District financial reports.

BRANCBURG TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
Expenses:	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities:										
Instruction:										
Regular	\$ 11,408,712	\$ 11,918,158	\$ 12,642,131	\$ 13,271,443	\$ 12,646,693	\$ 21,060,976	\$ 20,728,221	\$ 21,578,746	\$ 21,351,863	\$ 11,581,107
Special Education	3,099,476	3,564,443	4,003,364	4,427,861	3,820,666	6,696,002	7,450,996	7,068,084	7,004,098	3,765,366
Other Special Instruction	303,771	322,432	352,383	367,710	1,183,566	1,271,018	1,381,013	1,267,377	1,351,578	1,693,233
School-Sponsored Other Instruction					217,358	208,497	236,499	165,574	159,147	181,921
Support Services:										
Tuition	7,272,412	8,116,982	9,914,788	10,961,121	10,390,326					12,443,083
Student & Instruction Related Services	3,791,049	3,913,684	4,302,254	4,810,377	4,870,027	4,558,519	4,834,050	4,137,990	4,021,558	4,536,021
School Administration Services	1,501,613	1,711,245	1,651,057	1,690,540	1,885,519	1,979,933	1,987,159	1,876,725	1,575,222	1,600,538
General Administration Services	1,238,475	1,422,113	1,287,868	1,433,143	720,726	634,198	697,131	724,148	779,619	685,898
Central Services and Administrative										
Information Technology					1,047,036	949,876	921,521	765,201	845,897	906,253
Plant Operations and Maintenance	2,312,155	2,396,688	2,391,933	2,678,729	3,007,956	2,684,795	2,363,098	2,217,271	1,888,476	1,820,123
Pupil Transportation	2,587,751	2,709,982	2,476,133	2,481,713	2,747,030	2,722,269	2,617,313	2,244,168	2,570,788	2,422,786
Interest On Long-Term Debt	1,509,417	1,490,385	1,314,542	1,372,291	1,495,607	1,436,255	1,496,907	1,231,818	1,269,558	1,200,262
Unallocated Depreciation										1,440,329
Total Governmental Activities Expenses	35,024,831	37,566,112	40,336,453	43,494,928	44,032,510	44,202,338	44,713,908	43,277,102	42,817,804	44,276,920
Business-Type Activities:										
Food Service						727,299	727,260	690,981	658,318	700,556
Community Education	439,962	498,591	558,276	701,563	763,588	51,701	73,725	67,365	57,293	64,436
Total Business-Type Activities Expenses	439,962	498,591	558,276	701,563	763,588	779,000	800,985	758,346	715,611	764,992

BRANCBURG TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total District-Wide Expenses	\$ 35,464,793	\$ 38,064,703	\$ 40,894,729	\$ 44,196,491	\$ 44,796,098	\$ 44,981,338	\$ 45,514,893	\$ 44,035,448	\$ 43,533,415	\$ 45,041,912
Program Revenues:										
Governmental Activities:										
Charges For Services						6,825	122,949	140,274	181,050	174,100
Operating Grants and Contributions	6,057,396	6,153,993	4,746,335	7,358,419	5,232,838	5,184,648	5,649,995	4,422,591	5,330,011	5,493,585
Capital Grants and Contributions								441,526	13,198	
Total Governmental Activities Program Revenues	6,057,396	6,153,993	4,746,335	7,358,419	5,232,838	5,191,473	5,772,944	5,004,391	5,524,259	5,667,685
Business-Type Activities:										
Charges for Services:										
Food Service	445,816	487,300	536,834	587,971	617,291	610,983	612,303	641,284	593,262	559,399
Community Education						7,645	73,909	55,181	59,017	72,295
Operating Grants and Contributions	63,636	64,130	72,460	77,345	86,128	87,380	102,247	101,447	107,023	100,137
Total Business-Type Activities Program Revenues	509,452	551,430	609,294	665,316	703,419	706,008	788,459	797,912	759,302	731,831
Total District-Wide Program Revenues	6,566,848	6,705,423	5,355,629	8,023,735	5,936,257	5,897,481	6,561,403	5,802,303	6,283,561	6,399,516
Net Revenue/(Expense) - Governmental Activities	(28,967,435)	(31,412,119)	(35,590,118)	(36,136,509)	(38,799,672)	(39,010,865)	(38,940,964)	(38,272,711)	(37,293,545)	(38,609,235)
Net Revenue/(Expense) - Business-Type Activities	69,490	52,839	51,018	(36,247)	(60,169)	(72,992)	(12,526)	39,566	43,691	(33,161)
Total District-Wide Net Revenue/(Expense)	(28,897,945)	(31,359,280)	(35,539,100)	(36,172,756)	(38,859,841)	(39,083,857)	(38,953,490)	(38,233,145)	(37,249,854)	(38,642,396)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	28,878,804	31,275,744	34,311,040	34,778,141	35,971,264	36,152,955	37,147,672	36,906,051	36,590,431	36,283,559
Taxes Levied for Debt Service	357,561	383,512	1,898,587	497,305	2,007,932	2,079,616	2,101,907	1,962,989	2,038,829	2,092,418

BRANCBURG TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

General Revenues and Other Changes in Net Position:	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities:										
Federal and State Aid not Restricted	\$ 138,705	\$ 207,948	\$ 320,661	\$ 320,428	\$ 1,247,289	\$ 132,129	\$ 42,861	\$ 46,279	\$ 45,976	\$ 291,803
Tuition	8,414									
Investment Earnings	16,314	65,354	152,499	313,907	283,909	68,236	16,829	10,633	5,495	
Miscellaneous Income	42,342	14,997	23,905	3,763	105,061	78,493	51,121	172,761	209,060	375,600
Special Item - Proceeds from Sale of Assets	413,624									
N.J. Economic Development Authority Grants		1,030,867	14,515	(6,188)						(1,885)
Disposal of Capital Assets, Net	(294,573)	(11,831)	(23,636)	(19,945)				(8,911)		
Net Change Due to Defeasance of Bonds			(962,000)							
Prior Year Adjustment of Capital Assets	(362,386)									
Cancellation of Prior Year Accounts Receivable	(54,789)									
Transfers							(57,560)			
Total Governmental Activities General Revenues and Other Changes in Net Position	29,144,016	32,966,591	35,735,571	35,887,411	39,615,455	38,511,429	39,302,830	39,089,802	38,889,791	39,041,495
Business-Type Activities:										
Prior Year Adjustment			254							
Investment Earnings	262	1,983	5,734	8,731	3,416	1,147	982	1,821	1,861	2,082
Transfers							57,560			
Total Business-Type Activities General Revenues and Other Changes in Net Position	262	1,983	5,988	8,731	3,416	1,147	58,542	1,821	1,861	2,082
Total District-Wide General Revenues and Other Changes in Net Position	29,144,278	32,968,574	35,741,559	35,896,142	39,618,871	38,512,576	39,361,372	39,091,623	38,891,652	39,043,577
Change in Net Position:										
Governmental Activities	176,581	1,554,472	145,453	(249,098)	815,783	(499,436)	361,866	817,091	1,596,246	432,260
Business-Type Activities	69,752	54,822	57,006	(27,516)	(56,753)	(71,845)	46,016	41,387	45,552	(31,079)
Total District-Wide Change in Net Position	\$ 246,333	\$ 1,609,294	\$ 202,459	\$ (276,614)	\$ 759,030	\$ (571,281)	\$ 407,882	\$ 858,478	\$ 1,641,798	\$ 401,181

Source: Branchburg Township School District financial reports.

BRANCBURG TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:										
Reserved	\$ 1,195,488	\$ 955,011	\$ 1,807,661	\$ 1,669,829	\$ 2,450,422	\$ 2,306,637	\$ 2,428,761			
Unreserved	478,087	578,671	694,038	764,169	771,054	364,349	619,146			
Restricted								\$ 2,048,042	\$ 3,430,415	\$ 4,395,786
Assigned								569,966	970,545	367,149
Unassigned								271,584	639,082	789,724
Total General Fund	<u>\$ 1,673,575</u>	<u>\$ 1,533,682</u>	<u>\$ 2,501,699</u>	<u>\$ 2,433,998</u>	<u>\$ 3,221,476</u>	<u>\$ 2,670,986</u>	<u>\$ 3,047,907</u>	<u>\$ 2,889,592</u>	<u>\$ 5,040,042</u>	<u>\$ 5,552,659</u>
All Other Governmental Funds:										
Reserved										
Unreserved, Reported In:										
Capital Projects	\$ 599,503									
Debt Service Fund	4,757	\$ 20,456	\$ 20,456	\$ 1	\$ 1	\$ 1				
Restricted							\$ 1	\$ 1	\$ 56,283	\$ 55,603
Committed									87,969	29,774
Total All Other Governmental Funds	<u>\$ 604,260</u>	<u>\$ 20,456</u>	<u>\$ 20,456</u>	<u>\$ 1</u>	<u>\$ 144,252</u>	<u>\$ 85,377</u>				
Total All Governmental Funds	<u>\$ 2,277,835</u>	<u>\$ 1,554,138</u>	<u>\$ 2,522,155</u>	<u>\$ 2,433,999</u>	<u>\$ 3,221,477</u>	<u>\$ 2,670,987</u>	<u>\$ 3,047,908</u>	<u>\$ 2,889,593</u>	<u>\$ 5,184,294</u>	<u>\$ 5,638,036</u>

Source: Branchburg Township School District financial reports.

BRANCBURG 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
Revenues:										
Tax Levy	\$30,745,782	\$33,149,641	\$36,209,627	\$36,647,737	\$37,979,196	\$38,232,571	\$39,249,579	\$38,869,040	\$38,629,260	\$38,375,977
Tuition	8,414						122,949	140,274	181,050	174,100
Interest Earned on Investments	16,314	65,354	152,499	313,907	283,909	68,236	16,829	10,633	5,495	6,822
Interest Earned on Capital Reserve Funds										784
Miscellaneous	76,473	69,293	63,065	48,500	105,061	116,734	89,392	200,353	264,990	397,261
State Sources	4,181,560	4,334,179	4,541,700	5,653,274	5,908,090	4,758,655	4,791,043	4,077,737	4,528,008	5,231,918
Federal Sources	470,992	483,082	486,137	608,545	572,036	526,706	863,542	805,067	805,247	524,203
Total Revenue	35,499,535	38,101,549	41,453,028	43,271,963	44,848,292	43,702,902	45,133,334	44,103,104	44,414,050	44,711,065
Expenditures:										
Instruction:										
Regular Instruction	8,342,822	8,790,792	9,026,735	9,146,988	8,855,230	8,195,430	8,526,204	7,514,573	7,812,732	7,753,939
Special Education Instruction	2,187,519	2,497,818	2,694,538	3,018,113	2,551,043	3,282,308	3,738,960	3,389,417	3,297,808	2,651,711
Other Special Instruction	249,900	284,595	308,241	315,399	813,771	857,702	901,844	837,930	908,235	1,119,462
School-Sponsored Other Instruction					154,297	146,598	177,286	109,245	107,905	132,002
Support Services:										
Tuition	7,272,412	8,116,982	9,914,458	10,961,121	10,390,326	11,350,774	10,236,394	12,348,665	12,230,142	12,443,083
Student & Instruction-Related Services	2,921,553	2,928,431	3,303,680	3,623,869	3,531,040	3,264,382	3,395,185	2,840,856	2,853,159	3,175,024
General Administration Services	988,396	1,174,431	1,049,974	1,163,812	572,168	525,504	582,163	566,992	663,012	572,880
School Administration Services	1,021,767	1,203,297	1,231,592	1,241,789	1,286,234	1,428,005	1,329,685	1,238,319	1,065,733	1,098,884
Central Services					469,508	437,461	463,652	397,195	404,860	398,009
Administrative Information Technology					319,428	283,328	231,526	164,164	221,727	335,077
Plant Operations and Maintenance	1,890,282	2,028,552	1,890,414	2,037,292	2,419,517	2,273,441	1,918,142	1,918,612	1,678,931	1,629,510
Pupil Transportation	1,965,279	2,076,769	2,044,263	1,970,653	2,251,875	2,386,381	2,238,423	1,927,125	2,266,862	2,170,791
Unallocated Benefits	5,704,304	6,279,049	6,782,976	7,695,019	8,081,781	7,359,437	8,593,088	7,783,887	7,054,051	7,949,606
Capital Outlay	711,950	2,922,378	822,714	726,308	1,229,882	1,979,972	491,554	944,078	301,907	575,916
Debt Service:										
Principal	350,000	380,000	420,000	625,000	705,000	750,000	805,000	1,025,000	1,045,000	1,075,000
Interest and Other Charges	1,516,978	1,498,653	1,478,586	1,244,581	1,475,496	1,447,242	1,415,967	1,216,122	1,205,625	1,174,544
Total Expenditures	35,123,162	40,181,747	40,968,171	43,769,944	45,106,596	45,967,965	45,045,073	44,222,180	43,117,689	44,255,438
Excess/(Deficiency) of Revenues										
Over/(Under) Expenditures	376,373	(2,080,198)	484,857	(497,981)	(258,304)	(2,265,063)	88,261	(119,076)	1,296,361	455,627

BRANCHBURG 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
Other Financing Sources/(Uses):										
Prior Year Accounts Receivable Cancelled	\$ (54,789)									
Capital Leases (Non-Budgeted)	283,000	\$ 991,352		\$ 136,674			\$ 380,000			
NJEDA/SDA Grants (Cancelled)		1,030,867	\$ 14,515	(6,188)						\$ (1,885)
Proceeds from the Sale of Bonds	413,624			3,305,000						
Refunding Bonds Issued								\$ 9,760,000		
Payment to Bond Refunding Escrow Agent								(9,785,000)		
Bond Issuance Costs								(346,096)		
Original Issuance Bond Premium								371,096		
Transfers In	54,789	959,650		100,600	\$ 54,562		22,128	768,061	\$ 272,025	56,310
Transfers Out	(54,789)	(959,650)		(100,600)	(54,562)		(79,688)	(768,061)	(272,025)	(56,310)
Total Other Financing Sources/(Uses)	641,835	2,022,219	14,515	3,435,486	- 0 -	- 0 -	322,440	- 0 -	- 0 -	(1,885)
Excess (Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ 1,018,208	\$ (57,979)	\$ 499,372	\$ 2,937,505	\$ (258,304)	\$ (2,265,063)	\$ 410,701	\$ (119,076)	\$ 1,296,361	\$ 453,742
Debt Service As a % of Noncapital Expenditures	5.50%	4.56%	4.76%	4.39%	4.94%	4.80%	5.13%	5.22%	5.47%	5.28%

Source: Branchburg Township School District financial reports.

Exhibit J-5

BRANCBURG TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Rentals- Use of Facilities	Prior Year Refunds	Insurance Proceeds	Other	Total
2004	\$ 16,314	\$ 8,414	\$ 9,260		\$ 7,240	\$ 25,841	\$ 67,069
2005	65,354	8,709	659		100	5,629	80,451
2006	152,499					23,805	176,304
2007	313,907					3,513	317,420
2008	283,909					46,260	330,169
2009	36,472	6,825				478,493	521,790
2010	16,829	122,949				51,121	190,899
2011	10,633	140,274				172,761	323,668
2012	5,495	181,050				209,060	395,605
2013	7,606	174,100	280,139	\$ 42,456		45,399	549,700

Source: Branchburg Township School District financial reports.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST NINE YEARS
UNAUDITED

Year End Dec. 31	Vacant Land	Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized) Valuation
2005	\$ 22,543,100	\$1,978,098,600	\$33,987,000		\$153,500,600	\$425,248,400	\$ 20,350,000	\$2,633,727,700	\$ 4,868,302	\$2,638,596,002	*	\$ 1.32	\$2,776,338,048
2006	22,007,800	2,235,924,900	36,955,900		189,564,900	485,917,200	20,350,000	2,990,720,700	4,716,178	2,995,436,878	*	1.22	3,082,222,556
2007	24,572,100	2,282,796,800	37,730,400		202,426,400	529,423,800	27,851,200	3,104,800,700	2,876,247	3,107,676,947	*	1.20	3,198,787,059
2008	26,221,300	2,217,444,300	31,989,250		225,302,800	570,870,400	27,851,200	3,099,679,250	5,239,013	3,104,918,263	*	1.23	3,198,809,227
2009	28,139,200	2,083,863,800	29,227,750	\$1,399,700	244,381,650	574,730,300	28,264,200	2,990,006,600	5,691,021	2,995,697,621	\$147,184,800	1.29	3,231,052,315
2010	12,200,800	2,036,634,500	29,660,250	1,447,500	237,515,100	553,643,300	25,500,000	2,896,601,450	6,693,660	2,903,295,110	171,125,300	1.35	3,160,315,271
2011	11,612,800	2,013,888,700	29,501,500	1,463,200	222,270,700	516,393,900	23,460,000	2,818,590,800	5,327,753	2,823,918,553	178,020,200	1.37	3,063,394,506
2012	10,114,500	1,988,890,400	29,705,100	1,422,300	222,675,600	506,046,700	21,245,000	2,780,099,600	5,555,411	2,785,655,011	188,005,400	1.38	2,887,084,847
2013	9,576,300	1,965,401,200	29,377,200	1,359,600	217,471,500	521,820,300	20,000,000	2,765,006,100	5,153,713	2,770,159,813	203,243,200	1.40	2,885,068,409

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.

* Information is not available.

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

Source: Branchburg Township Tax Assessor.

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

Year Ended December 31,	Branchburg Township School District						Total Direct and Overlapping Tax Rate
	Direct Rate			Overlapping Rates			
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Township of Branchburg	Somerset County		
2004	\$ 1.46	\$ 0.09	\$ 1.55	\$ 0.27	\$ 0.44	\$ 2.26	
2005	1.24	0.08	1.32	0.26	0.36	1.94	
2006	1.15	0.06	1.22	0.26	0.34	1.82	
2007	1.14	0.06	1.20	0.27	0.34	1.81	
2008	1.16	0.07	1.23	0.29	0.35	1.87	
2009	1.22	0.07	1.29	0.31	0.36	1.96	
2010	1.27	0.07	1.35	0.33	0.37	2.05	
2011	1.30	0.07	1.37	0.39	0.34	2.10	
2012	1.30	0.08	1.38	0.41	0.34	2.13	
2013	1.32	0.08	1.40	0.41	0.34	2.15	

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 calculation.

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

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

Source: Branchburg Township Tax Collector and School Business Administrator.

BRANCBURG TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

2013			2004		
Taxpayer	Taxable Assessed Value	% of Total District Net Valuation Taxable	Taxpayer	Taxable Assessed Value	% of Total District Net Valuation Taxable
Roche & Genetech Inc.	\$ 86,182,200	3.09%			
Imclone Corp.	78,911,800	2.83%			
Transcontinental Gas Pipeline Corp.	29,728,700	1.07%			
Maurice M. Weil, Trustee	21,279,800	0.76%			
S/K Old York Road Associates	20,000,000	0.72%			Information is Not Available
Cellco Partnership (Verizon)	16,650,000	0.60%			
Branchburg Commons	14,832,500	0.53%			
Merck, Sharpe & Dohme Corp.	12,682,000	0.46%			
Schutz Container Systems Inc.	12,500,000	0.45%			
Hyatt Equities LLC	11,815,000	0.42%			
Total	\$ 304,582,000	10.93%	Total		

Source: Branchburg Township Tax Assessor.

Exhibit J-9

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal</u> <u>Year of the Levy</u> ^a		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2004	\$ 29,236,365	\$ 28,884,771	99.16%	\$ 351,594
2005	31,659,256	31,296,075	98.57%	363,181
2006	36,209,627	35,845,388	98.89%	364,239
2007	35,275,446	34,692,093	98.89%	583,353
2008	37,979,196	37,380,276	100.00%	598,920
2009	38,232,571	38,232,571	100.00%	- 0 -
2010	39,249,579	39,249,579	100.00%	- 0 -
2011	38,869,040	38,869,040	100.00%	- 0 -
2012	38,629,260	38,629,260	100.00%	- 0 -
2013	38,375,977	38,375,977	100.00%	- 0 -

^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.

Source: Branchburg Township School District records including the Certificate & Report of School Taxes (A4F form).

Exhibit J-10

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)			
2004	\$ 30,668,000	\$ 599,278	\$ - 0 -	\$ 31,267,278	3.52%	\$ 2,122
2005	30,288,000	1,325,030	- 0 -	31,613,030	3.41%	2,139
2006	30,830,000	946,955	- 0 -	31,776,955	3.15%	2,142
2007	33,150,000	798,708	- 0 -	33,948,708	3.16%	2,275
2008	32,805,000	632,398	- 0 -	33,437,398	2.99%	2,219
2009	32,055,000	365,312	- 0 -	32,420,312	3.25%	2,238
2010	31,250,000	469,597	- 0 -	31,719,597	3.12%	2,184
2011	30,200,000	340,135	- 0 -	30,540,135	2.88%	2,102
2012	29,155,000	235,184	- 0 -	29,390,184	2.77%	2,023
2013	28,080,000	159,260	- 0 -	28,239,260	2.66%	1,943

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 previous calendar year.

Source: Branchburg Township School District financial reports.

Exhibit J-11

BRANCBURG TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation Taxable ^a	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2004	\$ 30,668,000	\$ - 0 -	\$ 30,668,000	1.52%	\$ 2,081
2005	30,288,000	- 0 -	30,288,000	1.45%	2,049
2006	30,830,000	- 0 -	30,830,000	1.17%	453
2007	33,150,000	- 0 -	33,150,000	1.11%	2,221
2008	32,805,000	- 0 -	32,805,000	1.06%	2,177
2009	32,055,000	- 0 -	32,055,000	1.03%	2,213
2010	31,250,000	- 0 -	31,250,000	1.04%	2,151
2011	30,200,000	- 0 -	30,200,000	1.04%	2,078
2012	29,155,000	- 0 -	29,155,000	1.03%	2,006
2013	28,080,000	- 0 -	28,080,000	1.01%	1,905

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 previous calendar year.

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

Source: Branchburg Township School District financial reports.

Exhibit J-12

BRANCHBURG 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 *</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Township of Branchburg	\$ 12,337,071	100.00%	\$ 12,337,071
Somerset County General Obligation Debt	158,095,935	4.42%	<u>6,992,133</u>
Subtotal, Overlapping Debt			19,329,204
Branchburg School District Direct Debt			<u>29,009,260</u>
Total Direct And Overlapping Debt			<u><u>\$ 48,338,464</u></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 Branchburg Township. 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.

* 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.

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$61,244,727	\$67,351,284	\$ 73,036,292	\$ 82,235,445	\$ 90,428,869	\$ 94,649,874	\$ 96,128,423	\$ 95,725,331	\$94,373,497	\$ 90,935,178
Total Net Debt Applicable to Debt Limit	30,668,000	30,288,000	30,830,000	33,150,000	32,805,000	32,055,000	31,250,000	30,200,000	29,155,000	28,080,000
Legal Debt Margin	<u>\$74,420,522</u>	<u>\$83,942,012</u>	<u>\$ 98,357,148</u>	<u>\$111,954,246</u>	<u>\$122,145,907</u>	<u>\$126,695,144</u>	<u>\$130,475,127</u>	<u>\$130,060,257</u>	<u>\$ 65,218,497</u>	<u>\$ 62,855,178</u>
Total Net Debt Applicable to Debt Limit as a % of the Debt Limit	50.07%	44.97%	42.21%	40.31%	36.28%	33.87%	32.51%	31.55%	30.89%	30.88%

Legal Debt Margin Calculation for Fiscal Year 2013

Equalized Valuation Basis	<u>Branchburg Township</u>
2012	\$2,881,529,436
2011	3,058,366,753
2010	<u>3,153,621,611</u>
	<u>\$9,093,517,800</u>
Average Equalized Valuation of Taxable Property	<u>\$3,031,172,600</u>
Debt Limit (3%* of Average Equalization Value)	\$ 90,935,178
Net Bonded School Debt as of June 30, 2013	<u>28,080,000</u>
Legal Debt Margin	<u>\$ 62,855,178</u>

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

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

<u>Year</u>	<u>Township Population ^a</u>	<u>Somerset County Per Capita Personal Income ^b</u>	<u>Township Personal Income ^c</u>	<u>Township Unemployment Rate ^d</u>
2004	14,741	\$ 57,047	\$ 840,929,827	4.20%
2005	14,735	60,269	888,063,715	2.30%
2006	14,782	62,710	926,979,220	2.40%
2007	14,832	68,040	1,009,169,280	2.20%
2008	14,923	72,015	1,074,679,845	2.90%
2009	15,069	74,196	1,118,059,524	5.20%
2010	14,487	68,753	996,024,711	5.20%
2011	14,525	69,886	1,015,094,150	5.10%
2012	14,531	73,011	1,060,922,841	5.30%
2013	14,531	73,011	1,060,922,841	N/A

N/A - Information is not available.

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

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

Sources:

- ^a Population information provided by the NJ Department of Labor and Workforce Development.
- ^b Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
- ^c Personal income has been estimated based upon the municipal population and per capita personal income presented.
- ^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - SOMERSET COUNTY
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2013			2004	
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Information is Not Available			Information is Not Available		
Total			Total		
Total Employment *			Total Employment *		

* - Employment data provided by the NJ Department of Labor and Workforce Development.

Exhibit J-16

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Instruction:							
Regular	137.0	133.0	116.0	126.0	111.0	108.0	109.5
Special Education	42.0	41.0	67.0	68.0	38.5	35.7	32.7
Other Special Education			12.0	12.0	11.0	13.0	16.0
Support Services:							
Student & Instruction Related							
Services	41.0	44.0	40.0	43.0	56.8	57.4	58.0
School Administration Services	43.0	44.0	17.0	16.0	14.3	13.3	14.3
General Administration Services	9.0	11.0	11.0	11.0	7.8	8.2	3.0
Central Services and Administrative							
Information Technology					5.8	6.2	5.6
Plant Operations and Maintenance	24.0	28.0	24.0	20.0	7.0	6.0	6.0
Pupil Transportation	24.0	30.0	25.0	28.0	25.0	25.0	25.5
Total	320.0	331.0	312.0	324.0	277.1	272.7	270.5

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

Source: Branchburg Township School District personnel records.

BRANCBURG TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percent Change	Teaching Staff ^c	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle				
2004	2,500	\$ 32,544,234	\$ 13,018	0.81%	170	12:1	11:1	1,944	1,889	3.35%	93.57%
2005	2,583	35,380,716	13,698	5.22%	181	10:1	10:1	1,999	1,947	2.83%	94.50%
2006	2,591	38,246,871	14,761	7.77%	181	10:1	11:1	1,966	1,899	-1.65%	99.03%
2007	2,569	41,174,055	16,027	8.58%	179	12:1	12: 1	1,952	1,925	-0.71%	97.28%
2008	2,593	41,696,218	16,080	0.33%	184	11:1	11:1	1,905	1,838	-2.41%	101.05%
2009	2,559	41,790,751	16,331	1.56%	195	9:1	10:1	1,832	1,768	-3.83%	96.51%
2010	2,552	42,332,552	16,588	1.57%	194	9:1	10:1	1,825	1,757	-0.38%	96.27%
2011	2,579	41,036,980	15,912	-4.08%	160	12:1	11:1	1,796	1,724	-1.59%	95.99%
2012	2,483	40,565,157	16,337	2.67%	151	10:1	10:1	1,737	1,673	-3.29%	96.32%
2013	2,472	41,429,978	16,760	2.59%	158	12:1	10:1	1,696	1,630	-2.36%	96.11%

Note: Enrollment based on annual October District count and includes high school student enrollments.

- ^a Operating expenditures equal total expenditures less debt service and capital outlay.
- ^b Cost per pupil is the sum of operating expenditures divided by enrollment. This cost per pupil may be different from the State's cost per pupil calculations.
- ^c Teaching staff includes only full-time equivalents of certificated staff.
- ^d Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Source: Branchburg Township School District records.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST SEVEN FISCAL YEARS

	<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>							
Old York Elementary School							
Square Feet	41,137	41,137	41,137	41,137	41,137	*	*
Capacity (Students)	311	378	378	378	378	*	*
Enrollment	334	323	335	337	328	*	*
Stony Brook Elementary School							
Square Feet	47,368	47,368	47,368	47,368	47,638	47,368	47,368
Capacity (Students)	398	398	398	398	398	398	398
Enrollment	329	336	295	288	265	392	360
Whiton Elementary School							
Square Feet	90,321	90,321	90,321	9,321	9,321	90,321	90,321
Capacity (Students)	792	792	792	792	792	792	792
Enrollment	604	562	552	545	555	732	733
Central Middle School							
Square Feet	141,310	141,310	141,310	141,310	141,310	141,310	141,310
Capacity (Students)	547	733	733	733	733	733	733
Enrollment	682	668	647	655	644	612	603

Number of Schools at June 30, 2013:

Elementary = 2
Middle School = 1

* Old York Elementary School closed effective June 30, 2011.

Note: Enrollment is based on the annual October District count.

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

Source: Branchburg Township School District Facilities Office.

Exhibit J-19

BRANCBURG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures:

Required Maintenance for School Facilities* (Account #11-000-261-XXX)

Fiscal Year	Central Middle School	Old York Elementary School	Stony Brook Elementary School	Whiton Elementary School	Total All Facilities
2004	\$ 88,381	\$ 34,162	\$ 52,447	\$ 53,920	\$ 228,910
2005	118,417	51,726	66,405	71,898	308,446
2006	92,168	563,838	60,467	83,991	800,464
2007	145,786	109,137	112,165	76,928	444,016
2008	123,458	106,363	62,472	133,710	426,003
2009	100,248	184,807	44,613	80,775	410,443
2010	158,428	56,938	60,615	108,902	384,883
2011	139,546	46,152	50,429	105,106	341,233
2012	162,321	11,135	78,898	118,332	370,686
2013	173,357	48,910	66,191	130,587	419,045

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

Source: Branchburg Township School District records.

BRANCHBURG TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2013
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy -		
NJ School Board Association Insurance Group:		
Property - Blanket Building and Contents	\$ 63,883,911	\$ 5,000
Comprehensive General Liability		
Aggregate Limit	No Aggregate Limit	N/A
Occurrence Limit	6,000,000	N/A
Comprehensive Automobile Liability	6,000,000	1,000/1,000
Employee Benefit Liability	6,000,000	1,000
Demolition Cost	10,000,000	N/A
Increased Cost of Contribution	10,000,000	N/A
Extra Expense - Blanket	50,000,000	N/A
Computers & Scheduled Equipment:		
Data Processing Equipment	1,339,000	5,000
Other	Included	
Boiler and Machinery:		
Property Damage	100,000,000	5,000
School Board Legal Liability:		
Directors & Officers	6,000,000	5,000
School Board Violent Acts - Each Accident	250,000	25,000
School Boards Violent Acts - Aggregate	1,000,000	
Public Employees' Faithful Performance Blanket Position Bond -	250,000	1,000
Selective Insurance		
Business Administrator/Board Secretary	350,000	N/A
Blanket	100,000	N/A
Volunteer Accident Policy - Cigna	10,000	25
Student Accident - AIG	250,000	25,000
Workers Compensation	Statutory	N/A
Employer's Liability	2,000,000	N/A

*Note: The District is part of the New Jersey School Board's Association Insurance Group. Coverage represents the combined amounts for all of the school districts under master policies with insurance companies.

Source: Branchburg Township School District records.

SINGLE AUDIT SECTION



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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 Auditors' Report

The Honorable President and Members
 of the Board of Education
 Branchburg 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 Board of Education of the Branchburg 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 November 20, 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
Branchburg Township School District
Page 2

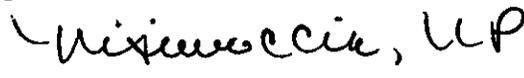
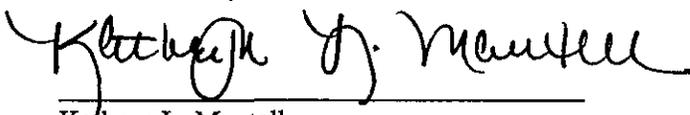
Compliance and Other Matters

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.

November 20, 2013
Mt. Arlington, New Jersey


NISIVOCCIA, LLP

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant



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Report on Compliance For Each Major Federal and State Program;
 Report on Internal Control Over Compliance Required by OMB Circular A-133
 and New Jersey OMB's Circular 04-04

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Branchburg Township School District (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 each of the District's major federal and state programs for the fiscal year ended June 30, 2013. The District's major federal and state programs are 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 each of the District's major federal and state programs 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 federal or 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 each major federal and state program. However, our audit does not provide a legal determination of the District's compliance

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

Opinion on Each Major Federal and 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 each of its major federal and state programs for the fiscal year ended June 30, 2013.

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 each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and 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.

Nisivoccia, LLP

November 20, 2013
Mt. Arlington, New Jersey

NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

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

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2012		Carryover Amount	Cash Received	Budgetary Expenditures	Balance June 30, 2013	
					Accounts Receivable	Unearned Revenue				(Budgetary Accounts Receivable)	Budgetary Unearned Revenue
U.S. Department of Education:											
General Fund:											
Education Jobs Fund	84.410A	N/A	8/1/10-9/30/12	\$ 97,590	\$ (71,158)			\$ 71,158			
Total General Fund						(71,158)		71,158			
U.S. Department of Agriculture:											
Passed-through State Department of Agriculture:											
Child Nutrition Cluster:											
Special Milk Program	10.556	N/A	7/1/12-6/30/13	4,780				4,367	\$ (4,780)	\$ (413)	
Special Milk Program	10.556	N/A	7/1/11-6/30/12	4,809	(343)			343			
Federal Food Distribution Program	10.555	N/A	7/1/12-6/30/13	24,905				24,905	(23,246)		\$ 1,659
Federal Food Distribution Program	10.555	N/A	7/1/11-6/30/12	43,495		\$ 4,259			(4,259)		
National School Lunch Program	10.555	N/A	7/1/12-6/30/13	62,853				57,966	(62,853)	(4,887)	
National School Lunch Program	10.555	N/A	7/1/11-6/30/12	53,857	(3,280)			3,280			
Subtotal Child Nutrition Cluster						(3,623)	4,259	90,861	(95,138)	(5,300)	1,659
Total Enterprise Funds						(3,623)	4,259	90,861	(95,138)	(5,300)	1,659
U.S. Department of Education											
Passed-through State Department of Education:											
Special Education Cluster:											
I.D.E.A. Part B, Basic	84.027	IDEA-0510-13	9/1/12-8/31/13	505,013			\$ 77,189	180,327	(457,652)	(200,136)	
I.D.E.A. Part B, Basic	84.027	IDEA-0510-12	9/1/11-8/31/12	516,588	(168,923)		(77,189)	246,112			
I.D.E.A. Part B, Preschool	84.173	IDEA-0510-13	9/1/12-8/31/13	22,407				5,746	(14,061)	(8,315)	
I.D.E.A. Part B, Preschool	84.173	IDEA-0510-12	9/1/11-8/31/12	45,210	(22,620)			22,620			
Subtotal Special Education Cluster						(191,543)		454,805	(471,713)	(208,451)	

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

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2012		Carryover Amount	Cash Received	Budgetary Expenditures	Balance June 30, 2013		
					(Budgetary Accounts Receivable)	Budgetary Unearned Revenue				(Budgetary Accounts Receivable)	Budgetary Unearned Revenue	
U.S. Department of Education (Cont'd)												
Passed-through State Department of Education:												
NCLB Consolidated:												
Title I	84.010	NCLB-0510-13	9/1/12-8/31/13	\$ 24,214				\$ 15,803	\$ (16,541)	\$ (738)		
Title II - Part A	84.367A	NCLB-0510-13	9/1/12-8/31/13	35,465			\$ 6,626	28,272	(33,299)		\$ 1,599	
Title II - Part A	84.367A	NCLB-0510-12	9/1/11-8/31/12	48,617	\$ (41,991)		(6,626)	48,617				
Title III	84.365	NCLB-0510-12	9/1/11-8/31/12	12,079	(273)			273				
Total Special Revenue Fund					(233,807)			547,770	(521,553)	(209,189)	1,599	
Total Federal Awards					\$ (308,588)	\$ 4,259	\$ - 0 -	\$ 709,789	\$ (616,691)	\$ (214,489)	\$ 3,258	

N/A - Not applicable/available.

BRANCHBURG 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 June 30, 2012				Balance June 30, 2013		MEMO	
				Budgetary				GAAP	Due to	Budgetary	Cumulative
				Accounts Receivable	Due to Grantor	Cash Received	Budgetary Expenditures	Accounts Receivable	Grantor	Accounts Receivable	Total Expenditures
New Jersey Department of Education											
General Fund:											
Special Education											
Categorical Aid	13-495-034-5120-089	7/1/12-6/30/13	\$1,286,241			\$1,161,019	\$(1,286,241)			\$ 125,222	\$1,286,241
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	434,641			392,326	(434,641)			42,315	434,641
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	192,428			173,694	(192,428)			18,734	192,428
Extraordinary Aid	13-100-034-5120-473	7/1/12-6/30/13	443,726				(443,726)	\$ 443,726		443,726	443,726
Nonpublic Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	9,396				(9,396)	9,396		9,396	9,396
Reimbursed TPAF Social Security Contributions	13-495-034-5095-002	7/1/12-6/30/13	958,770			915,902	(958,770)		42,868	42,868	958,770
Special Education											
Categorical Aid	12-495-034-5120-089	7/1/11-6/30/12	1,241,961	\$ 109,890		109,890					1,241,961
Transportation Aid	12-495-034-5120-014	7/1/11-6/30/12	169,353	14,985		14,985					169,353
Security Aid	12-495-034-5120-084	7/1/11-6/30/12	195,124	17,265		17,265					195,124
Extraordinary Aid	12-100-034-5120-473	7/1/11-6/30/12	463,041	463,041		463,041					463,041
Nonpublic Transportation Aid	12-495-034-5120-014	7/1/11-6/30/12	13,329	14,442		14,442					13,329
Total General Fund State Aid				619,623		3,262,564	(3,325,202)		495,990	682,261	5,408,010
Special Revenue Fund:											
N.J. Nonpublic Aid:											
Textbook Aid	13-100-034-5120-064	9/1/12 - 6/30/13	3,065			3,065	(2,828)		\$ 237		2,828
Textbook Aid	11-100-034-5120-064	9/1/10 - 6/30/11	5,059		\$ 308			\$ (308)			4,751
Nursing Aid	13-100-034-5120-070	9/1/12 - 6/30/13	4,253			4,253	(3,191)		1,062		3,191
Nursing Aid	12-100-034-5120-070	9/1/11 - 6/30/12	3,212		104			(104)			3,108
Technology Aid	12-100-034-5120-373	9/1/12 - 6/30/13	1,132			1,132	(721)		411		721
Auxiliary Services:											
Compensatory Education	13-100-034-5120-067	9/1/12 - 6/30/13	334			334	(334)				334
Handicapped Services:											
Corrective Speech	13-100-034-5120-066	9/1/12 - 6/30/13	5,468			5,468	(78)		5,390		78
Corrective Speech	12-100-034-5120-066	9/1/11 - 6/30/12	8,688		3,562			(3,562)			5,126
Examination and Classification	12-100-034-5120-066	9/1/11 - 6/30/12	1,126		1,126			(1,126)			
Supplemental Instruction	12-100-034-5120-066	9/1/11 - 6/30/12	702		702			(702)			
Total Special Revenue Fund					5,802	14,252	(7,152)	(5,802)		7,100	20,137

BRANCBURG 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 June 30, 2012			Cash Received	Budgetary Expenditures	Paid to Grantor	Canceled	Balance June 30, 2013		MEMO	
				Budgetary Accounts Receivable	Due to Grantor						GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
Capital Projects Fund:														
Schools Development Authority:														
Educational Facilities Construction	SP200332	N/A	\$3,326,880	\$ 10						\$ (10)				\$3,326,870
Educational Facilities Construction	0510-020-04-OOXV	N/A	566	566		\$ 566								566
Educational Facilities Construction	0510-020-04-OAEC	N/A	1,875	1,875						(1,875)				
Educational Facilities Construction	0510-020-04-OAED	N/A	4,298	4,298							\$ 4,298	\$ 4,298		4,298
Educational Facilities Construction	0510-020-04-OOXT	N/A	1,758	1,756		1,756								1,756
Educational Facilities Construction	0510-020-04-OOXU	N/A	8,020	6,020		6,020								8,020
Educational Facilities Construction	0510-090-03-1499	N/A	3,240	3,240		3,240								3,240
Educational Facilities Construction	0510-060-09-OZXW	N/A	1,633	1,633							1,633	1,633		1,633
Educational Facilities Construction	0510-060-09-OZXX	N/A	3,256	3,256							3,256	3,256		3,256
Educational Facilities Construction	0510-060-10-OZXU	N/A	9,863	9,863							9,863	9,863		9,863
Total Capital Projects Fund				32,517		11,582				(1,885)	19,050	19,050		3,359,502
Debt Service Fund:														
Debt Service State Aid Support	13-100-034-5120-017	7/1/12-6/30/13	100,844			100,844	\$ (100,844)							100,844
Total Debt Service Fund						100,844	(100,844)							100,844
Enterprise Fund														
State School Lunch Program	13-100-010-3350-023	9/1/12-6/30/13	4,999			4,339	(4,999)				660	660		4,999
State School Lunch Program	12-100-010-3350-023	9/1/11-6/30/12	5,302	\$ 321		321								5,302
Total Enterprise Fund				321		4,660	(4,999)				660	660		10,301
Total State Awards				\$ 652,461	\$ 5,802	\$3,393,902	\$(3,438,197)	\$(5,802)	\$ (1,885)	\$ 515,700	\$ 7,100	\$ 701,971		\$8,898,794

N/A - Not Available.

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

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

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal and state awards include federal and state grant activity of the Board of Education, Branchburg 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, 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 these 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. BASIS OF ACCOUNTING

Expenditures reported in 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 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 and Special Revenue Funds on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the General and Special Revenue Funds 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 for the prior year and for the current budget year, which is mandated pursuant to P.L. 2003, C.97. For GAAP purposes, the current year payments 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 (\$44,131) for the General Fund and \$2,650 for the Special Revenue Fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. The schedule of expenditures of state awards does not include the TPAF Pension Payments and Post Retirement Medical contributions paid by the State on behalf of the District of \$864,885 and \$977,966, respectively.

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

Awards and financial assistance revenue are reported on the Board's basic financial statements on the GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 5,123,922	\$ 5,123,922
Special Revenue Fund	\$ 524,203	7,152	531,355
Debt Service Fund		100,844	100,844
Proprietary Funds - Food Service Enterprise	<u>95,138</u>	<u>4,999</u>	<u>100,137</u>
Total Awards	<u>\$ 619,341</u>	<u>\$ 5,236,917</u>	<u>\$ 5,856,258</u>

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

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. Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

BRANCHBURG 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 federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and 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 federal and state programs for the District expresses an unmodified opinion on all major federal and 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, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* and Federal OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.
- The District's major federal and state programs for the current fiscal year consisted of the following awards:

	<u>CFDA/State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Federal:				
Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027	9/1/12-8/31/13	\$ 505,013	\$ 457,652
I.D.E.A. Part B, Preschool	84.173	9/1/12-8/31/13	22,407	14,061
State:				
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	434,641	434,641
Special Education Categorical	13-495-034-5120-089	7/1/12-6/30/13	1,286,241	1,286,241
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	192,428	192,428
Extraordinary Aid	13-100-034-5120-473	7/1/12-6/30/13	443,726	443,726

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

BRANCBURG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

Summary of Auditors' Results: (Cont'd)

- The single audit threshold identified in Federal OMB Circular A-133 and New Jersey OMB's Circular 04-04 was \$500,000.

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 audit did not disclose any findings or questioned costs for federal awards as defined in section 510(a) of the federal Circular.

Findings and Questioned Costs for State Awards:

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

BRANCBURG 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.