

**GREAT MEADOWS REGIONAL
BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

GREAT MEADOWS REGIONAL BOARD OF EDUCATION

GREAT MEADOWS, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Prepared by

GREAT MEADOWS REGIONAL SCHOOL BOARD OF EDUCATION

DEPARTMENT OF ADMINISTRATION

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT
TABLE OF CONTENTS**

	<u>PAGE</u>
INTRODUCTORY SECTION	
Letter of Transmittal	2
Organizational Chart	3
Roster of Officials	4
Consultants and Advisors	5
FINANCIAL SECTION	
Independent Auditor's Report	7-9
Required Supplemental Information – Part I	
Management's Discussion and Analysis	11
Basic Financial Statements	
A. District-Wide Financial Statements:	
A-1 Statement of Net Position	14
A-2 Statement of Activities	15
B. Fund Financial Statements	
Governmental Funds:	
B-1 Balance Sheet	17-18
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	19-20
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Proprietary Funds:	
B-4 Combining Statement of Fund Net Position	22
B-5 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	23
B-6 Combining Statement of Cash Flows	24
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	25
B-8 Statement of Changes in Fiduciary Net Position	26
Notes to the Financial Statements	28-49
Required Supplementary Information – Part II	
C. <u>Budgetary Comparison Schedules</u>	
C-1 Budgetary Comparison Schedule-General Fund	52-56
C-1A Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual	57
C-2 Budgetary Comparison Schedule-Special Revenue Fund	58
Notes to the Required Supplementary Information:	
C-3 Budget-to-GAAP Reconciliation	60

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT
TABLE OF CONTENTS
(Continued)**

FINANCIAL SECTION (Continued)	<u>PAGE</u>
 Other Supplemental Information	
D. School Level Schedule	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund-Budgetary Basis	64
F. Capital Projects Fund	N/A
G. Proprietary Funds	
Enterprise Fund:	
G-1 Combining Statement of Fund Net Position	67
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	68
G-3 Combining Statement of Cash Flows	69
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Fund Net Position	71
H-2 Combining Statement of Changes in Fiduciary Net Position	72
H-3 Student Activity Agency Fund Statement of Changes in Assets and Liabilities	73
H-4 Payroll Agency Fund Statement of Changes in Assets and Liabilities	73
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	75
I-2 Schedule of Obligations Under Capital Leases	76
I-3 Debt Service Fund Budgetary Comparison Schedule	77
 STATISTICAL SECTION (Unaudited)	
Table of Contents	79
J-1 Net Position by Component	80
J-2 Changes in Net Position	81-83
J-3 Fund Balances, Governmental Funds	84
J-4 Changes in Fund Balances, Governmental Funds	85
J-5 Local Tax Levy by Constituent District	86
J-6 General Fund-Other Local Revenues by Source	87
J-7 Assessed Value and Actual Value of Taxable Property- All Constituent Districts Combined	88
J-8 Assessed Value and Actual Value of to	
J-9 Taxable Property by Constituent District	89-90
J-10 Direct and Overlapping Property Tax Rates to	
J-11 by Constituent District	91-92
J-12 Principal Property Tax Payers to	
J-13 by Constituent District	93-94

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT
TABLE OF CONTENTS
(Continued)**

	<u>PAGE</u>
STATISTICAL SECTION (Unaudited)	
(Continued)	
Table of Contents (Cont'd)	
J-14 Property Tax Levies and Collections to	
J-15 by Constituent District	95-96
J-16 Ratios of Outstanding Debt by Type	97
J-17 Ratios of General Bonded Debt Outstanding	98
J-18 Direct and Overlapping Governmental to	
J-19 Activities Debt by Constituent District	99-100
J-20 Legal Debt Margin Information	101
J-21 Demographic and Economic Statistics	102
J-22 Principal Employers	103
J-23 Full Time Equivalent District Employees by Function/Program	104
J-24 Operating Statistics	105
J-25 School Building Information	106
J-26 Required Maintenance	107
J-27 Insurance Schedule	108

SINGLE AUDIT SECTION

K-1 Independent Auditor's Report-Government Auditing Standards	110-111
K-2 Independent Auditor's Report-OMB Circular A-133	112-114
K-3 Schedule of Expenditures of Federal Awards, Schedule A	115
K-4 Schedule of Expenditures State Financial Assistance, Schedule B	116
K-5 Notes to the Schedules of Awards and Financial Assistance	117-118
K-6 Schedule of Findings and Questioned Costs	119-120
K-7 Summary Schedule of Prior Audit Findings	121

INTRODUCTORY SECTION

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

PO Box 74

Great Meadows, New Jersey 07838

DAVID MANGO
Superintendent

JULIE MUMAW
Business Administrator
Board Secretary

ELLEN WEISS
Administrative Assistant
SUPERINTENDENT'S OFFICE
Telephone: 908-637-6576
Fax: 908-637-6356

BUSINESS OFFICE
Telephone: 908-637-8672
Fax 908-637-6356

November 18, 2013

Honorable President and
Members of the Board of Education
Great Meadows Regional School District
County of Warren, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Great Meadows Regional School District for the fiscal year ended June 30, 2013, is hereby submitted. Great Meadows Regional School District is a K-12 regional district, which became operational July 1, 1994. The constituent districts are Independence Township and Liberty Township. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Great Meadows Regional Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic

information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Great Meadows Regional School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the District are included in this report. Great Meadows Regional Board of Education and its three school buildings, Central School and Great Meadows Middle School located in Independence Township and Liberty School located in Liberty Township, constitute the District's reporting entity.

The District provided a full range of educational services appropriate to grade levels kindergarten through 12. Liberty School housed grades 3 through 5; Central School housed grades K-2; Great Meadows Middle School housed a multiply disabled class and grades 6-8. All high school students from the District, grades 9-12, attended Hackettstown High School on a tuition basis. The District completed the 2012-13 fiscal year with a K-8 enrollment of **849** students (Central School housed 233, Liberty School housed 294, Great Meadows Middle School housed 322). There was a grade 9-12 enrollment of **387** students, and an additional **22** students were sent out-of-district to special programs and **7** students attending the regional charter school for a total resident enrollment of **1,265** students.

The following details the changes in students on roll enrollment of the District, as well as in each school building, since the District became operational July 1, 1994:

	Average Daily Enrollment		
	<u>Fiscal</u> <u>Year</u>	<u>Student</u> <u>Enrollment</u>	<u>Percent</u> <u>Change %</u>
Central School	2012-13	232.7	(6.69)
	2011-12	249.4	(10.1)
	2010-11	277.0	(30.1) * 6
	2009-10	390.2	(0.002)
	2008-09	391.0	(0.001)
	2007-08	391.6	3.79
*6 Changed from K-5 TO K-2	2006-07	377.3	(1.10)
	2005-06	381.5	(3.07)
	2004-05	393.6	23.1 * 1
	2003-04	319.8	(7.6)
*1 Changed from K-4	2002-03	346.1	(5.8)

to K-5 2004-05	2001-02	367.4	0.55
	2000-01	365.4	(2.09)
	1999-00	373.2	(3.81)
	1998-99	388.0	(27.54) *2
*2 Changed from K-6 to K-4 1998-99	1997-98	535.5	1.00
Liberty School	2012-13	291.7	(6.47)
	2011-12	311.9	5.01
	2010-11	297.0	28.0 *8
	2009-10	229.7	(0.025)
	2008-09	235.5	(0.02)
*8 Changed from K-5 to 3-5.	2007-08	240.2	(11.66)
	2006-07	271.9	3.46
	2005-06	262.8	6.01
	2004-05	247.8	43.7 *3
	2003-04	208.0	(4.37)
*3 Changed from K-4 to K-5 2004-05	2002-03	217.5	3.57
	2001-02	210.0	1.06
	2000-01	207.8	(10.74)
	1999-00	232.8	(5.13)
	1998-99	245.4	(35.91) *4
*4 Changed from K-8 to K-4 1998-99	1997-98	382.9	0.95
Middle School	2012-13	321.7	3.97
	2011-12	309.4	(6.24)
	2010-11	330.0	(1.2)
	2009-10	332.7	2.46
	2008-09	324.7	.003
	2007-08	323.5	(9.18)
	2006-07	356.2	(0.78)
	2005-06	359.0	(0.91)
	2004-05	362.3	(29.3) *5
	2003-04	512.4	3.22
*5 Changed from gr. 5-8 to gr. 6-8 2004-05	2002-03	496.4	(0.16)
	2001-02	497.2	0.14
	2000-01	496.5	2.50
	1999-00	484.4	.90

Total ADE	2012-13	846.1	(2.82)
	2011-12	870.7	(7.75)
	2010-11	888.0	(4.5)
	2009-10	930.0	(2.3)
	2008-09	951.2	(0.04)
	2007-08	955.3	(4.99)
	2006-07	1005.4	0.21
	2005-06	1003.3	(0.04)
	2004-05	1003.7	(3.5)
	2003-04	1040.2	(1.87)
	2002-03	1060.0	(1.36)
	2001-02	1074.6	0.46
	2000-01	1069.7	(1.90)
	1999-00	1090.4	(2.07)
	1998-99	1113.5	21.24 *7
	1997-98	918.4	0.98

*7 With the opening of the new Middle School, 7th and 8th graders formerly sent out of district on a tuition basis returned to the on-roll status of the district.

2) ECONOMIC CONDITION AND OUTLOOK: The Townships of Independence and Liberty are contiguous and are located in the central portion of Warren County. Independence Township was incorporated in 1782 and consists of 20.1 square miles in area while Liberty Township was formed in 1926 and consists of 12.25 square miles in area.

The Townships, although primarily rural, have experienced moderate population growth over the past decade. The Townships continue to be bedroom communities with very few commercial and industrial ratables. The availability of land, a prime location, an appealing environment and an excellent school system all point to a continuing pattern of growth in the foreseeable future. The Highlands Legislation may affect building in the area.

3) MAJOR INITIATIVES: The school district is proud of its efforts over the past thirteen years of operation.

Goals for the future include:

- Maintenance of quality, cost effective educational programs in the presence of decreasing state aid.
- Continued improvement of student's scores on the NJASK and GEPA tests.
- Continued commitment to the district technology program.
- Continuing to address facility problems due to aging buildings

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

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

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

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

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

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

7) DEBT ADMINISTRATION:

At June 30, 2013 the District's outstanding debt issue is \$ 6,160,000.

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

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

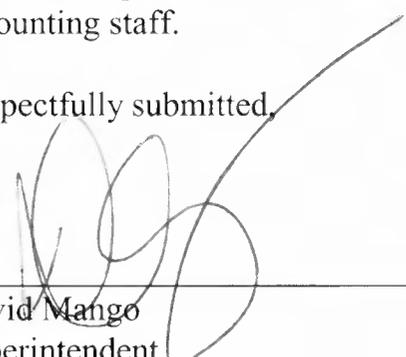
10) OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of William M. Colantano, CPA, PC, Washington, NJ, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Great Meadows Regional 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 financial and accounting staff.

Respectfully submitted,

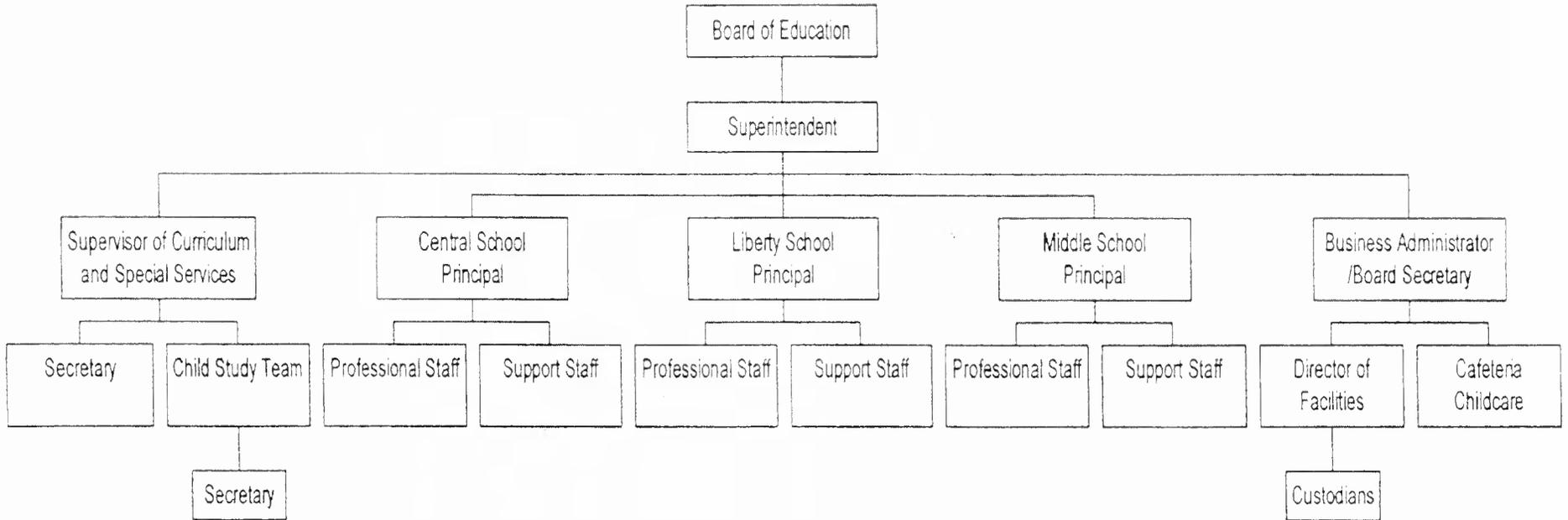


 David Mango
 Superintendent



 Julie R. Mumaw
 Board Secretary

GREAT MEADOWS REGIONAL



**GREAT MEADOWS REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

June 30, 2013

Members of the Board of Education

Term Expires

Edward O'Melia, President	December 31, 2013
Joseph Mailloux, Vice President	December 31, 2013
Jennifer Cassini	December 31, 2014
Susan Cullen	December 31, 2014
Fred Miller	December 31, 2015
Lori Prymak	December 31, 2013
David Schmitz	December 31, 2015
Glenn Sullivan	December 31, 2014
William Vonder Haar	December 31, 2015

Other Officials

David Mango, Superintendent

Julie Mumaw, Board Secretary/School Business Administrator

Paula Hatch, Treasurer

Nathanya Simon, Attorney

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

ATTORNEY

Schwartz, Simon, Edelstein & Celso, LLC
100 South Jefferson Road, Suite 200
Whippany, New Jersey 07981

AUDIT FIRM

William M. Colantano, Jr., C.P.A., P.C.
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FISCAL AGENT

Depository Trust
55 Water Street, 50th Floor
New York, NY 10041

First Hope Bank
Route 519
Hope, New Jersey 07844

OFFICIAL DEPOSITORIES

First Hope Bank
Route 519
Hope, New Jersey 07844

Bank of America
Main Street
Hackettstown, New Jersey 07840

FINANCIAL SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

100 Route 31 North
Washington, NJ 07882 - 1530
Fax # (908) 689-8388
(908) 689-5002

INDEPENDENT AUDITOR'S REPORT

November 18, 2013

Honorable President and
Members of the Board of Education
Great Meadows Regional School District
County of Warren, 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 Great Meadows Regional School District (the District) in the County of Warren, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's 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 and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. 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 entity'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 entity'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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 District, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information identified in the table of contents 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 combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the schedule of state financial assistance as required by NJ OMB 04-04 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the schedule of and the schedule of state financial assistance as required by NJ OMB 04-04 is the responsibility of management and was derived from and relates 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 combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the schedule of state financial assistance as required by NJ OMB 04-04 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject 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 18, 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.



William M. Colantano, Jr.
Public School Accountant
No. CS 0128

REQUIRED SUPPLEMENTARY INFORMATION-PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED

This section of the Great Meadows Regional School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Please read our discussion and analysis of the Great Meadows Regional School District financial activities for the fiscal year ended June 30, 2013 in conjunction with the transmittal letter on page 2 and District's financial statements, which begin on page 14.

Financial Highlights

- In total, net position increased \$342,218 which represents a 15.15 percent increase from 2012.
- General revenues accounted for \$20,233,412 in revenue or 97.26 percent of all revenues. Program specific revenues in the form of charges for services and operating grants were \$570,515 or 2.74 percent of total revenues of \$20,594,075.
- Total assets of governmental activities decreased by \$ 243,565 as cash and cash equivalents decreased by \$331,405, investments increased by \$ 200,034, receivables increased by \$28,205 and capital assets decreased by \$ 140,399.
- The School District had \$20,459,726 in expenses; only \$570,515 of these expenses was offset by program specific charges for services, grants or contributions. General Revenues (primarily property taxes) of \$20,233,412 were adequate to provide for these programs.
- Among major funds, the General Fund had \$19,516,273 in revenues and \$19,313,529 in expenditures. The General Fund balance increased by \$202,744 over fiscal year 2012.

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.

Using this Generally Accepted Accounting Principals Report (GAAP)

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 14 and 15) provide information about the activities of the District, as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 17. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operation in more detail than the government-wide statements by providing information about the District's most financially significant funds.

Reporting the School District as a Whole**Statement of Net Position and the Statement of Activities**

Our analysis of the District as a whole begins on page 14. One of the most important questions asked about the District's finances is "Is the District, as a whole, better off or worse as a result of the year's activities?" The statement of Net Position and Statement of Activities report information about the District as a whole and about the activities in a way that helps answer this question. These statements include all assets and liabilities using the

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED

accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in them. You can think of the District's net position, the difference between assets and liabilities, as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position is one indicator whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base and the condition of the District's capital assets to assess the overall *health* of the District.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

- **Governmental Activities:** most of the School District's basic services are reported here, including general administration, local taxes, tuition, and state and federal aid finance most of these activities.
- **Business-type Activity:** the District has one proprietary fund as shown on page 22 through 24 which is the Food Service Fund.
- The Food Service Fund provides low cost, well balanced meals to the students and staff in the District.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 17 and provide detailed information about the most significant funds—not the District as a whole. Some funds are required to be established by State Law. The District's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental Funds

Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic service it provides. Governmental fund information helps one determine whether there are more or less financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation on page 21.

Proprietary Funds

When the District charges customers for the full cost of the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds (a component of business type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for the Student Activity and Payroll and Agency Funds. All of the District's fiduciary activities are reported in separate Statement of Fiduciary Net Position and Changes in Fiduciary Net Position on page 25. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The School District as a Whole

The Statement of Net Position provides the perspectives of the District as a whole, showing assets, liabilities, and the difference between them (net position). Net position may serve over time as a useful indicator of a district's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the District's net position at 6/30/13 with comparisons to 6/30/12.

**Table 1
Net Position**

	6/30/13	6/30/12	Variance	
			Dollars	%
Current & Other Assets	\$ 1,135,823	\$ 1,246,753	\$ (110,930)	(8.90)
Capital Assets	8,764,468	8,915,966	(151,498)	(1.70)
Total Assets	<u>9,900,291</u>	<u>10,162,719</u>	<u>(262,428)</u>	<u>(2.58)</u>
Long-Term Liabilities	6,525,434	6,817,353	(291,919)	(4.28)
Other Liabilities	773,842	1,086,569	(312,727)	(28.78)
Total Liabilities	<u>7,299,276</u>	<u>7,903,922</u>	<u>(604,646)</u>	<u>(7.65)</u>
Net Position				
Net Investment in				
Capital Assets	2,604,468	2,315,966	288,502	12.46
Restricted	601,003	302,390	298,613	98.75
Unrestricted	(604,456)	(359,559)	(244,897)	68.11
Total Net Position	<u>\$ 2,601,015</u>	<u>\$ 2,258,797</u>	<u>\$ 342,218</u>	<u>15.15</u>

Net position of the District's activities increased 15.15 percent. Unrestricted net position, the part of net position that can be used to finance day to day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased \$244,897 or 68.11 percent. Restricted net position, those restricted mainly for capital projects increased by \$ 298,613 or 98.75 percent. The net investment in capital assets category increased by \$288,502 or 12.46 percent.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED

Table 2 provides a summary of the District's changes in net position in fiscal year ending 6/30/13 with comparisons to 6/30/12.

Table 2
Changes in Net Position

	Fiscal Year Ending		Variance	
	6/30/13	6/30/12	Dollars	%
Revenues				
Program Revenues:				
Charges for Services	\$ 157,237	\$ 192,026	\$ (34,789)	(18.12)
Operating Grants	413,278	585,661	(172,383)	(29.43)
Capital Grants		(18,167)	18,167	(100.00)
General Revenues:				
Property Taxes	12,899,332	12,649,886	249,446	1.97
Unrestricted Grants	7,320,869	7,145,724	175,145	2.45
Other	13,211	42,094	(28,883)	(68.62)
Total Revenues	<u>20,803,927</u>	<u>20,597,224</u>	<u>206,703</u>	1.00
Program Expenses				
Instruction:				
Regular	6,893,927	6,324,035	569,892	9.01
Special	1,039,462	1,106,202	(66,740)	(6.03)
Other	244,637	233,416	11,221	4.81
Support Services:				
Tuition	6,480,979	7,092,539	(611,560)	(8.62)
Student & Instructional Staff	1,713,346	1,697,007	16,339	0.96
General & Business Administration	628,034	724,352	(96,318)	(13.30)
School Administration	705,221	608,888	96,333	15.82
Maintenance	1,349,828	1,214,530	135,298	11.14
Transportation	845,042	794,567	50,475	6.35
Charter Schools	60,215	84,784	(24,569)	(28.98)
Food Service	223,129	264,899	(41,770)	(15.77)
Interest on Long-Term Debt	275,906	294,224	(18,318)	(6.23)
Total Expenses	<u>20,459,726</u>	<u>20,439,443</u>	<u>20,283</u>	0.10
Increases (Decreases) Before				
Special Items	<u>344,201</u>	<u>157,781</u>	<u>186,420</u>	118.15
Special Items:				
Loss on Disposal of Capital Assets	(1,983)		(1,983)	*
Prior Year Accounts Receivable Cancelled		(51,380)	51,380	(100.00)
Prior Year Grants Receivable Cancelled		(38,596)	38,596	(100.00)
Total Special Items	<u>(1,983)</u>	<u>(89,976)</u>	<u>87,993</u>	
Increase (Decrease) in Net Position	<u>\$ 342,218</u>	<u>\$ 67,805</u>	<u>\$ 274,413</u>	404.71

* = Undefined

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 63.75 percent of revenues for governmental activities for the Great Meadows Regional School District for the fiscal year 2013. The District's total governmental revenues were \$20,599,679 for the year ended June 30, 2013.

The total cost of all program expenses and services for governmental activities was \$20,236,597.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. It identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3 provides a summary of the School District's cost of governmental services in fiscal year ending 6/30/13 with comparisons to 6/30/12.

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	6/30/13	6/30/12	6/30/13	6/30/12
Instruction	\$ 8,178,026	\$ 7,663,653	\$ 8,074,043	\$ 7,560,095
Support Services:				
Tuition	6,541,194	7,177,323	6,317,450	6,939,334
Student & Instructional Staff	1,713,346	1,697,007	1,685,740	1,535,770
General & Business				
Administration	628,034	724,352	628,034	725,643
School Administration	705,221	608,888	705,221	609,901
Plant Operations & Maintenance	1,349,828	1,214,530	1,339,229	1,184,735
Pupil Transportation	845,042	794,567	844,707	793,967
Interest on Long-Term Debt	275,906	294,224	275,906	294,224
Total Expenses	<u>\$20,236,597</u>	<u>\$20,174,544</u>	<u>\$19,870,330</u>	<u>\$19,643,669</u>

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED

Curriculum and staff development includes expenses related to planning, research, development, and evaluation of support services, as well as the reporting of this information internally and to the public.

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

Extracurricular activities include expenses related to student activities provided by the school district which are designed to provide opportunities for students to participate in school events, public events or a combination of these for the purposes of motivation, enjoyment, and skill improvement.

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the School District.

The School District's Funds

All governmental funds, General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund, presented in the fund-based statements are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$20,594,075 and expenditures were \$20,392,742. The net increase in fund balance for the year of \$201,333 was most significant in the General Fund, due to effective cost cutting measures implemented by the District.

General Fund Budgeting Highlights

The Great Meadows Regional School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

Budgets are prepared in December/January with revenue information made available in February/March. The budget must be approved by the Board of Education in the beginning of March and sent to the county office for review. The budget is then approved by the Board of Education in November. The fiscal year runs from July 1 through June 30. Changes can occur over that 18 month period.

Unanticipated shifts in enrollment, staffing needs, students requiring special services, uncertain energy costs, and unfunded programs are often mandated after a budget is adopted.

The District builds a budget to meet the needs of its students based on the information and projections that are available during the budget cycle.

During the course of the 2013 fiscal year, the District amended its General Fund Budget by transferring funds as needed to prevent over-expenditures in specific line item accounts.

For the General Fund, budgeted revenues were \$18,242,510, which was \$7,745 below the original budget estimates of \$18,250,255. The difference was due primarily to General Fund revenues and other financing sources were more than expenditures and other financing uses by \$194,894.

Capital Assets

At the end of the fiscal year 2013, the School District had \$8,764,468 invested in land, buildings, furniture and equipment, vehicles and construction in progress.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED

Table 4 provides a summary of the School District's capital assets net of depreciation at 6/30/13 with comparison to 6/30/12

Table 4
Capital Assets at Year-end
(Net of Depreciation)

	6/30/12	6/30/11	Variance	
			Dollars	%
Land	\$ 159,653	\$ 159,653		0.00
Construction in Progress	432		\$ 432	*
Buildings & Improvements	8,318,421	8,614,387	(295,966)	(3.44)
Land Improvements	174,092	3,720	170,372	4579.89
Furniture & Equipment	87,550	138,206	(50,656)	(36.65)
Total	<u>\$ 8,740,148</u>	<u>\$ 8,915,966</u>	<u>\$ (175,818)</u>	(1.97)

* = Undefined

Overall capital assets decreased \$151,498 from fiscal year 2012 to fiscal year 2013.

Debt

At year end, the District had total long-term liabilities of \$6,525,434 outstanding as compared to \$6,817,353 in the previous year – a decrease of 4.28 percent – as shown in Table 5.

Table 5 provides a summary of the District's long-term liabilities at 6/30/13 with comparisons to 6/30/12.

Table 5
Long-term Liabilities at Year-end

	6/30/13	6/30/12	Variance	
			Dollars	%
2008 General Obligation School Refunding Bonds	\$6,160,000	\$6,600,000	\$(440,000)	(6.67)
Compensated Absences	365,434	217,353	148,081	68.13
	<u>\$6,525,434</u>	<u>\$6,817,353</u>	<u>\$(291,919)</u>	(4.28)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED

The general obligation bonded debt of the District is limited by State law to 4 percent of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2013 is \$38,151,891. General obligation debt authorized and outstanding at June 30, 2013 is \$6,160,000 resulting in a legal debt margin of \$31,991,891.

An analysis of the District's Debt is presented in Note 5 to the basic financial statements.

Budgets

The significant variances between the originally adopted budget for the year 2013, and the final budget were caused by the treatment of encumbrances that are added to the original budget.

For the Future

The Great Meadows Regional School District is working to be in good financial condition. This fiscal year is the second time that a contribution can be made to the Capital Reserve Account. Also, for the first time, a Maintenance Reserve account was established for future upkeep of the school buildings. A major concern is the ever increasing cost of special education with an increased reliance on property taxes to fund the District programs. Future finances are not without challenges as the community continues to struggle in these difficult financial time and State funding remains inadequate.

The Great Meadows Regional School District approved the discontinuation of the vote on the budget for four years and moving the election of board members to November of each year. Great Meadows Regional School District continues to keep the local tax levy increase at or below the 2 % cap. This tax levy cap presents significant challenges to the district as costs for special education, personnel, benefits and operating costs tend to rise at a faster rate. Property taxes support 67.03 percent of the operating budget.

Contracting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact, Julie Mumaw, School Business Administrator/Board Secretary at Great Meadows Regional School District, P.O. Box 74, Great Meadows, NJ 07838.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash & Cash Equivalents	\$ 125,107	\$ 56,114	\$ 181,221
Investments	111,350		111,350
Due from Payroll Agency Account	2,000		2,000
Receivables, Net	231,996	3,331	235,327
Inventory		4,922	4,922
Restricted Assets:			
Maintenance Reserve Account-Cash	100,000		100,000
Capital Reserve Account-Investments	501,003		501,003
Capital Assets (Note 4):			
Land and Construction in Progress	160,085		160,085
Other Capital Assets, Net of Depreciation	8,580,063	24,320	8,604,383
Total Assets	<u>9,811,604</u>	<u>88,687</u>	<u>9,900,291</u>
LIABILITIES			
Accounts Payable	626,763	404	627,167
Unearned Revenue	17,744	4,890	22,634
Payables to Other Governments	3,201		3,201
Accrued Interest	120,840		120,840
Long-Term Liabilities (Note 5):			
Due Within One Year	495,939		495,939
Due Beyond One Year	6,029,495		6,029,495
Total Liabilities	<u>7,293,982</u>	<u>5,294</u>	<u>7,299,276</u>
NET POSITION			
Net Investment in Capital Assets	2,580,148	24,320	2,604,468
Restricted for:			
Capital Reserve	501,003		501,003
Maintenance Reserve	100,000		100,000
Unrestricted	<u>(663,529)</u>	<u>59,073</u>	<u>(604,456)</u>
TOTAL NET POSITION	<u>\$ 2,517,622</u>	<u>\$ 83,393</u>	<u>\$ 2,601,015</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expenses) Revenues & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental Activities:								
Instruction:								
Regular	\$ 4,543,637	\$ 2,350,290		\$ 9,425		\$ (6,884,502)		\$ (6,884,502)
Special Education	678,594	360,868		66,200		(973,262)		(973,262)
Other Special Instruction	158,014	77,690		28,358		(207,346)		(207,346)
Other Instruction	6,100	2,833				(8,933)		(8,933)
Support Services:								
Tuition	6,480,979			223,744		(6,257,235)		(6,257,235)
Students & Instruction Related Services	1,168,846	544,500	\$ 670	26,936		(1,685,740)		(1,685,740)
General & Business Administration Services	494,594	133,440				(628,034)		(628,034)
School Administration Services	461,358	243,863				(705,221)		(705,221)
Plant Operations & Maintenance	1,138,073	211,755	10,599			(1,339,229)		(1,339,229)
Pupil Transportation	832,296	12,746	335			(844,707)		(844,707)
Charter Schools	60,215					(60,215)		(60,215)
Interest on Long-Term Debt	275,906					(275,906)		(275,906)
Total Governmental Activities	16,298,612	3,937,985	11,604	354,663	\$ -	(19,870,330)	\$ -	(19,870,330)
Business-Type Activities:								
Food Service	223,129		145,633	58,615			(18,881)	(18,881)
Total Business-Type Activities	223,129	-	145,633	58,615	-	-	(18,881)	(18,881)
Total Primary Government	\$ 16,521,741	\$ 3,937,985	\$ 157,237	\$ 413,278	\$ -	(19,870,330)	(18,881)	(19,889,211)
General Revenues, Transfers and Special Items								
						12,362,011		12,362,011
						537,321		537,321
						7,320,869		7,320,869
						35		35
						13,176		13,176
						(650)	(1,333)	(1,983)
						20,232,762	(1,333)	20,231,429
						362,432	(20,214)	342,218
						2,155,190	103,607	2,258,797
						\$ 2,517,622	\$ 83,393	\$ 2,601,015

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash & Cash Equivalents	\$ 125,107				\$ 125,107
Investments	111,350				111,350
Due from Other Funds	92,826				92,826
Receivables from Other Governments:					
Federal		\$ 123,429			123,429
State	105,857				105,857
Local		2,272			2,272
Accounts Receivable-Other	438				438
Restricted Cash & Equivalents	100,000				100,000
Restricted Investments	501,003				501,003
TOTAL ASSETS	\$ 1,036,581	\$ 125,701	\$ -	\$ -	\$ 1,162,282
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to Other Funds		\$ 90,826			\$ 90,826
Payable to Other Governments:					
Federal		3,201			3,201
Accounts Payable	\$ 612,833	13,930			626,763
Unearned Revenue		17,744			17,744
Total Liabilities	612,833	125,701	\$ -	\$ -	738,534

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013
(Continued)

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
LIABILITIES AND FUND BALANCES (Cont'd)					
Fund Balances:					
Restricted Fund Balance:					
Excess Surplus- Designated for Subsequent Year's Expenditures	\$ 13,943				\$ 13,943
Committed Fund Balance:					
Capital Reserve Account	501,003				501,003
Maintenance Reserve Account	100,000				100,000
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures	2,307				2,307
Unassigned Fund Balance	(193,505)				(193,505)
Total Fund Balances	<u>423,748</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>423,748</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,036,581</u>	<u>\$ 125,701</u>	<u>\$ -</u>	<u>\$ -</u>	

Amounts reported for governmental activities in the Statement of Net Position
(A-1) are different because:

Capital assets used in government activities are not financial resources & therefore
are not reported in the funds. The cost of the assets is
and the accumulated depreciation is

\$ 16,429,551
7,689,403

8,740,148

Long-term liabilities, including bonds payable, are not due & payable in the current period
& therefore are not reported as liabilities in the funds

(6,525,434)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as
an expenditure when due

(120,840)

Total Net Position of Governmental Activities

\$ 2,517,622

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUES, 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
REVENUES					
Local Sources:					
Local Tax Levy	\$ 12,362,011			\$ 537,321	\$ 12,899,332
Interest Earned on Capital Reserve Funds	24				24
Interest on Investments	11				11
Miscellaneous	18,469	\$ 2,879		707	22,055
Total	12,380,515	2,879	\$ -	538,028	12,921,422
State Sources	7,135,758			185,111	7,320,869
Federal Sources		351,784			351,784
Total Revenues	19,516,273	354,663	-	723,139	20,594,075
EXPENDITURES					
Current :					
Instructional:					
Regular Instruction	4,530,462	9,425			4,539,887
Special Education Instruction	623,344	55,250			678,594
Other Special Instruction	129,656	28,358			158,014
Other Instruction	6,100				6,100
Support Service & Undistributed Costs:					
Tuition	6,257,235	223,744			6,480,979
Student & Instruction Related Services	1,139,792	26,936			1,166,728
General & Other Administrative Services	494,594				494,594
School Administrative Services	461,358				461,358
Plant Operations & Maintenance	1,130,844				1,130,844
Pupil Transportation	831,961				831,961
Unallocated Benefits	3,426,599	10,950			3,437,549

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd)					
Capital Outlay	\$ 220,434				\$ 220,434
Transfer to Charter Schools	60,215				60,215
Debt Services:					
Principal				\$ 440,000	440,000
Interest & Other Charges				284,550	284,550
Assessment for Debt Service on SDA Funding	935				935
Total Expenditures	<u>19,313,529</u>	<u>\$ 354,663</u>	<u>\$ -</u>	<u>724,550</u>	<u>20,392,742</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	202,744	-	-	(1,411)	201,333
Fund Balances, July 1	<u>221,004</u>	<u>-</u>	<u>-</u>	<u>1,411</u>	<u>222,415</u>
Fund Balances, June 30	<u>\$ 423,748</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 423,748</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Total Net Changes in Fund Balances-Governmental Funds (from B-2)		\$ 201,333
<p>Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:</p>		
<p>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 expenses. This is the amount by which depreciation exceeds capital outlays in the period:</p>		
Capital Outlays	\$ 220,434	
Depreciation Expense	(360,183)	
Book Value of Assets Disposed	<u>(650)</u>	
		(140,399)
<p>Repayment of debt principal and capital leases are expenditures 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:</p>		
Debt Principal Payments		440,000
<p>In the statement of activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.</p>		
		9,579
<p>In the statement of activities, compensated absences & early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.</p>		
		<u>(148,081)</u>
Change in Net Position of Governmental Activities		<u>\$ 362,432</u>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Food Service Fund
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 56,114
Receivables from Other Governments:	
State	304
Federal	3,027
Inventory	4,922
Total Current Assets	64,367
Noncurrent Assets:	
Capital Assets	286,561
Less: Accumulated Depreciation	(262,241)
Total Noncurrent Assets	24,320
Total Assets	88,687
LIABILITIES	
Current Liabilities:	
Accounts Payable	404
Unearned Revenues	4,890
Total Liabilities	5,294
NET POSITION	
Net Investment in Capital Assets	24,320
Unrestricted	59,073
TOTAL NET POSITION	\$ 83,393

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Food Service Fund
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 105,048
Daily Sales-Unreimbursable Programs	40,585
Total Operating Revenues	145,633
Operating Expenses:	
Salaries	79,563
Employee Benefits	14,306
Purchased Property Services	3,433
Insurance	1,223
Management Fee	10,251
Other Purchased Services	2,959
Supplies and Materials	9,157
Depreciation	9,766
Costs of Sales	91,985
Miscellaneous	486
Total Operating Expenses	223,129
Operating Income (Loss)	(77,496)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	2,344
Federal Sources:	
National School Lunch Program	41,197
Food Donation Program	15,074
Total Nonoperating Revenues (Expenses)	58,615
Other Financing Sources (Uses):	
Loss on Disposal of Capital Assets	(1,333)
Change in Net Position	(20,214)
Net Position, Beginning	103,607
Net Position, Ending	\$ 83,393

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Food Service Fund
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 145,740
Payments to Employees	(15,761)
Payments to Food Service Management Company	(177,003)
Payments to Vendors (Net)	(3,683)
Net Cash Used For Operating Activities	(50,707)
Cash Flows from Noncapital Financing Activities:	
State Sources	2,178
Federal Sources	40,560
Net Cash Provided by Noncapital Financing Activities	42,738
Net Decrease in Cash and Cash Equivalents	(7,969)
Cash and Cash Equivalents, Beginning	64,083
Cash and Cash Equivalents, Ending	\$ 56,114
Reconciliation of Operating Loss to Net Cash Provided by (Used For) Operating Activities:	
Operating Loss	\$ (77,496)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used For) Operating Activities:	
Depreciation	9,766
Federal Food Donation Program	15,074
Decrease in Prepaid Expenses	1,515
Increase in Inventory	(917)
Increase in Accounts Payable	99
Increase in Unearned Revenue	1,252
Net Cash Used For Operating Activities	\$ (50,707)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2013

	Student Activity Agency Fund	Payroll Agency Fund
	<u> </u>	<u> </u>
ASSETS		
Cash & Cash Equivalents	\$ 38,425	\$ 9,792
TOTAL ASSETS	<u>\$ 38,425</u>	<u>\$ 9,792</u>
LIABILITIES		
Due to Other Funds		\$ 2,000
Due to Student Groups	\$ 38,425	
Payroll Deductions & Withholdings		<u>7,792</u>
TOTAL LIABILITIES	<u>\$ 38,425</u>	<u>\$ 9,792</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

(NOT APPLICABLE TO THIS REPORT)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the District's overall financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting Entity

The District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the district is to educate students in Grades K-12. The District serves the communities of the Township of Independence and the Township of Liberty. The District had an approximate enrollment at June 30, 2013 of 851 students.

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

1. The organization is legally separate (can sue or be sued in their own name.)
2. The District holds the corporate powers of the organization.
3. The District appoints a voting majority of the organization's board.
4. The District is able to impose its will on the organization.
5. The organization has the potential to impose a financial benefit/ burden on the District.
6. There is a fiscal dependency by the organization on the District.

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its governmental funds as major funds and they are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and post employment healthcare benefits, are recorded only when payment is due.

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted state aids.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

The District reports the following major governmental funds:

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

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes in the Special Revenue Fund.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for 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.

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013
 (Continued)

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Additionally, the District reports the following fund types:

Proprietary Fund Types

Proprietary Fund - The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise Fund - The Enterprise 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; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

All proprietary funds are accounted for on a current financial resources measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (total net position) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light Trucks & Vehicles	4 Years
Heavy Trucks & Vehicles	6 Years

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013
 (Continued)

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Fiduciary Fund Types

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/ or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the Trust and Agency Funds of the District.

Student Activities Agency Fund – This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund – This fund accounts for the withholding and remittance of employee salary deductions.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office and, if required are voted upon at the annual school election in November. 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 NJAC 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2013 were insignificant.

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 legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund Types. Unencumbered appropriations lapse at fiscal year end.

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

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

E. 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 reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as unearned revenues at fiscal year end.

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

F. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition Payable

Tuition charges for the fiscal years 2012-2013 and 2011-2012 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables

Short-Term Interfund receivables/payables represents 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.

I. Inventories and Prepaid Items

Inventories and prepaid items, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as an expenditure during the year of purchase.

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as a unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2013.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013
 (Continued)

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

J. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements & Portable Classroom	40
Land Improvements	20
Furniture	20
Musical Instruments	20
Athletic Equipment	15
Maintenance Equipment	10 to 15
Audio Visual Equipment	07 to 10
Office Equipment	05 to 10
Computer Equipment	05 to 10
Vehicles	05 to 10

K. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board statement number 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the Districts' agreements with the various employee unions.

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of social security and medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013
 (Continued)

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

L. Unearned revenue

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

Unearned revenue in the Enterprise Fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is unearned until it is used in the operations of the Food Service Fund. Prepaid lunch debit card revenue balances at year-end are also included in unearned revenue.

M. Long-Term Obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during 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 issuance are reported as other financing uses.

N. Fund Balances-Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Non-spendable—includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted—includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed—includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned—includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.
- Unassigned—includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

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

N. Fund Balances-Governmental Funds (cont'd)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

O. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

P. Allocation of Indirect Expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF pension contributions, reimbursed TPAF social security contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in NJSA 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013
 (Continued)

NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES (Cont'd)

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

School taxes are guaranteed as to amount of collection by the municipality, the collection agency, and are transmitted to the school district in accordance with the schedule of tax installments as certified by the school district's Board of Education on an annual basis.

NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. US Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at amortized cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types 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.

NJSA 17:9-41 e.t. 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 public 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 saving banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Deposits at June 30, 2013 appear in the financial statements as summarized below:

Cash	\$ 329,438
Investments	<u>612,353</u>
	<u>\$ 941,791</u>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

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

	<u>Ref.</u>		
Unrestricted Cash:			
Governmental Funds, Balance Sheet	B-1	\$	125,107
Enterprise Fund, Statement of Net Position	B-4		56,114
Fiduciary Funds, Statement of Net Position	B-7		48,217
Restricted Cash:			
Governmental Activities, Statement of Net Position	B-1		100,000
Unrestricted Investments:			
Governmental Funds Statement of Net Position	B-1		111,350
Restricted Investments:			
Governmental Funds Statement of Net Position	B-1		501,003
Total Cash and Investments		\$	<u>941,791</u>

Deposits – The District's carrying amount of bank deposits at June 30, 2013 is \$941,791 and the bank balance is \$1,730,061. Of the bank balance, \$608,575 is covered by federal depository insurance and \$1,121,486 is insured by GUDPA.

Deposit and Investment Risk

GASB Statement No. 40 "Deposit and Investment Risk Disclosures" requires state and local governments to communicate key information about deposit and investment risks. Required disclosures are as follows:

1. Custodial credit risk disclosures are required for:
 - deposits that are uninsured and either (a) uncollateralized or (b) collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the government's name
 - Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name

As the district has no such investments, this disclosure is not applicable.

2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the district has no such investments, this disclosure is not applicable.
3. Disclosure of investments by amount and issuer for any issuer that represents five percent of more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the US government and investments in mutual funds or pools. This disclosure is reported below under Concentration of Credit Risk.
4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the district has no such investments, this disclosure is not applicable.
5. Investments that are exposed to foreign currency risk should be disclosed. As the district has no such investments this disclosure is not applicable.

Concentration of Credit Risk

The State of New Jersey does not place any limit on the amount that the district may invest with any one issuer. As of June 30, 2013, the district had the following investments:

MBIA Class	\$ <u>612,535</u>
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GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013
 (Continued)

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	\$ 159,653			\$ 159,653
Construction in Progress		\$ 432		432
Total	<u>159,653</u>	<u>432</u>	<u>\$ -0-</u>	<u>160,085</u>
Capital Assets, Being Depreciated:				
Building & Improvements	15,046,344	45,015		15,091,359
Land Improvements	690,900	174,987	4,400	861,487
Furniture & Equipment	426,460		109,840	316,620
Total	<u>16,163,704</u>	<u>220,002</u>	<u>114,240</u>	<u>16,269,466</u>
Accumulated Depreciation:				
Building & Improvements	6,431,957	340,981		6,772,938
Land Improvements	687,180	4,615	4,400	687,395
Furniture & Equipment	323,673	14,587	109,190	229,070
Total	<u>7,442,810</u>	<u>360,183</u>	<u>113,590</u>	<u>7,689,403</u>
Total Capital Assets, Being Depreciated, Net	<u>8,720,894</u>	<u>(140,181)</u>	<u>650</u>	<u>8,580,063</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,880,547</u>	<u>\$ (139,749)</u>	<u>\$ 650</u>	<u>\$ 8,740,148</u>
Business-Type Activities:				
Furniture & Equipment	\$ 301,761		\$ 15,200	\$ 286,561
Less: Accum Depreciation	266,342	\$ 9,766	13,867	262,241
Business-Type Activities Capital Assets, Net	<u>\$ 35,419</u>	<u>\$ 9,766</u>	<u>\$ 1,333</u>	<u>\$ 24,320</u>

Depreciation expense was charged to governmental functions in the current year as follows:

Instruction:	
Regular	\$ 216,887
Special Education	31,859
Other Special Instruction	7,418
Co-Curricular Activities	286
Support Services:	
Student & Instruction	56,223
General & Business Admin	23,220
School Administration	21,660
Plant & Maintenance	2,630
Total Depreciation Expense, Governmental Activities	<u>\$ 360,183</u>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 5. LONG-TERM DEBT

Long-Term Liability Activity for the Year Ended June 30, 2013 is as Follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds Payable	\$ 6,600,000		\$ 440,000	\$ 6,160,000	\$ 465,000
Compensated Absences Payable	<u>217,353</u>	<u>\$ 191,421</u>	<u>43,340</u>	<u>365,434</u>	<u>30,939</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 6,817,353</u>	<u>\$ 191,421</u>	<u>\$ 483,340</u>	<u>\$ 6,525,434</u>	<u>\$ 495,939</u>

Payments on the general obligation bonds are made in the debt service fund from property taxes and state aid. The other long-term debts are paid in the current expenditures budget of the District's general fund.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2013 including interest payments are listed as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 465,000	\$ 263,650	\$ 728,650
2015	480,000	241,562	721,562
2016	480,000	218,762	698,762
2017	500,000	195,963	695,963
2018	520,000	175,587	695,587
2019-2023	2,620,000	541,089	3,161,089
2024-2025	<u>1,095,000</u>	<u>65,800</u>	<u>1,160,800</u>
Total	<u>\$ 6,160,000</u>	<u>\$ 1,702,413</u>	<u>\$ 7,862,413</u>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 5. GENERAL LONG-TERM DEBT (Cont'd)

General Obligation Bonds – General obligation school refunding bonds payable at June 30, 2013, with their outstanding balances are comprised of the following individual issues:

\$8,355,000 – 2008 general obligation school refunding bonds due in annual installments of \$235,000 to \$ 550,000 beginning January 15, 2008 through January 15, 2025, interest from 4.00% to 4.75%	<u>\$ 6,160,000</u>
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The general obligation bonded debt of the District is limited by state law to 4% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2013 is \$38,151,891. General obligation debt at June 30, 2013 is \$6,160,000, resulting in a legal debt margin of \$31,991,891.

NOTE 6. PENSION PLANS

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pensions and Benefits. The Teachers' Pension and Annuity Fund retirement system 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 related non-contributing employers. The Public Employees Retirement System and Defined Contribution Retirement Program are considered cost sharing multiple-employer plans.

A. Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund was established in January, 1955 under the provisions of NJSA 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

B. Public Employees' Retirement System - The Public Employees' Retirement System was established in January, 1955 under the provisions of NJSA 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013
 (Continued)

NOTE 6. PENSION PLANS (Cont'd)

Description of Systems (cont'd)

B. Public Employees' Retirement System (cont'd)

Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

C. Defined Contribution Retirement Program – The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch 92, PL 2007 and expanded under the provisions of Ch 89, PL 2008 and Ch 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$7,700 in 2010) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcprp.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statement and required supplementary information for TPAF and PERS. 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.

Significant Legislation

During the year ended June 30, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority (the "Authority") to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. On June 30, 1997, the Authority issued bonds pursuant to this legislation and \$1,547,688,633 and \$241,106,642 from the proceeds of the bonds were deposited into the investment account of TPAF and PERS, respectively.

As a result of additional legislation enacted during the year ended June 30, 1997 (Ch 115, PL 1997), the asset valuation method was changed from market related value to full market value for the valuation reports dated March 31, 1996. The legislation also provides for a reduction in the normal contributions of the State to the systems from excess assets for FY's 1997 and 1998, and local employers for FY 1999, and, thereafter, authorizes the State Treasurer to reduce the normal contributions of State and local employers to the systems, to the extent possible, from up to 100% of excess assets through FY 2002, and on a declining maximum percentage of excess thereafter.

Due to the enactment of the legislation described above, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

Contribution Requirements

The contribution policy is set by state statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Significant legislation which became effective October 1, 2011 will gradually increase the employee contribution rate for PERS and TPAF members. Effective October 1, 2011 the rate increased from 5.50% to 6.50% of annual contractual compensation for employees enrolled in the TPAF and PERS pension plans. The rate will increase each year on the first of July over a seven year phase-in period until the withholding rate reaches 7.50% effective July 1, 2018. Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. Employers are required to contribute at an actuarially determined rate in TPAF, PERS and DCRP. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits and post-retirement medical premiums. Under current statute, the Board is a noncontributing employer of the TPAF.

Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

<u>Year</u> <u>Funding</u>	<u>TPAF</u> <u>Benefit Costs</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>
06/30/13	\$ 817,271	100%
06/30/12	566,210	100%
06/30/11	422,790	100%

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>
06/30/13	\$ 98,136	100%
06/30/12	126,145	100%
06/30/11	122,091	100%

During the year ended June 30, 2013, the State of New Jersey contributed \$433,710 to the TPAF for post-retirement medical benefits and \$19,172 for the non-contributory insurance premiums and \$364,389 for pension costs on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$448,642 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 27.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 7. POST-RETIREMENT BENEFITS

Chapter 384 of PL 1987 and Ch 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. PL 2007, Ch 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside 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 Ch 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

The State is also responsible for the cost attributable to Ch 126, PL 1992, which provides free health benefits to members of PERS, and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2012, the State paid \$146.6 million toward Ch 126 benefits for 16,618 eligible retired members.

GASB Statement 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

Plan Description-The School District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The school district adopted a resolution to participate in the SHBP. The State Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.nj.gov/treasury/pensions/audit-rpts-2012/shbp-12.pdf

Funding Policy-Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. Information regarding the State's annual contributions, annual OPEB cost and net OPEB obligations is available through the State as noted in the previous paragraph.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013
 (Continued)

NOTE 8. 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
 Siracusa Benefits
 Lincoln Investment Planning

NOTE 9. INTERFUND RECEIVABLES AND PAYABLES

The composition of Interfund balances as of June 30, 2013 is as follows:

Fund	Receivable Fund	Payable Fund
General Fund	\$ 92,826	
Special Revenue Fund		\$ 90,826
Payroll Agency Fund		2,000
	\$ 92,826	\$ 92,826

The balances due to the General Fund from the Special Revenue Fund represent a loan from the General Fund of \$90,826 to the Special Revenue Fund due to cash flow issues relating to the delayed receipt of grant revenues. The amount due to the General Fund from the Payroll Agency Fund represents an imprest balance of \$2,000.

All of the interfund balances should be liquidated within one year except the loan to the Payroll Agency interfund imprest balance which will remain to maintain a minimum balance.

NOTE 10. INVENTORY

Inventory in the Food Service Fund June 30, 2013 consisted of the following:

Food	\$ 4,158
Supplies	764
	\$ 4,922

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 11. CONTINGENT LIABILITIES

The District is involved in various legal proceedings that are incidental to its operations. These legal proceedings are not likely to have a material adverse effect on the financial position of the School District.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 12. RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete schedule of insurance coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its NJ Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the District is required to remit the entire employee deduction of unemployment compensation to the State. Any claims for unemployment are paid for by the State from those funds.

NOTE 13. LEGAL RESERVE ACCOUNTS

A capital reserve account was established by the District by inclusion of \$1 on October 16, 2000 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 districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, 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 NJSA 19:60-2. Pursuant to NJAC 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Districts are allowed as per NJSA 18A:7F-41(a) & 41(b) to deposit to the legal reserves by board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited \$200,000 to their Capital Reserve account and \$100,000 to their Maintenance Reserve Account by board resolution in June 2013.

The following schedule is a summarization of the Legal Reserve Account for the current year:

<u>Reserve Type</u>	<u>Beginning Balance</u>	<u>District Contribution</u>	<u>Interest Earnings</u>	<u>Withdrawals</u>	<u>Ending Balance</u>
Capital Reserve	\$ 300,979	\$ 200,000	\$ 24		\$ 501,003
Maintenance Reserve		100,000			100,000
	<u>\$ 300,979</u>	<u>\$ 300,000</u>	<u>\$ 24</u>	<u>\$ -0-</u>	<u>\$ 601,003</u>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 14. FUND BALANCES-BUDGETARY BASIS

As described in Note 1 N-Fund Equity (Fund Balance) may be restricted, committed or assigned. An analysis of the General Fund Balance on June 30, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Restricted:		
Excess Surplus-Represents amount in excess of allowable percentage of expenditures. In accordance with state statute, the excess surplus is designated for utilization in succeeding year's budgets		\$ 13,943
Excess Surplus-Designated for Subsequent Year's Expenditures-Amount appropriated in the succeeding year's budget to reduce tax requirements	\$ 13,943	
Committed:		
Capital Reserve Account-represents funds restricted to capital projects in the Districts Long Range Facilities Plan	501,003	300,979
Maintenance Reserve-Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (NJSA18A:76-9)	100,000	
Assigned:		
Designated for Subsequent User's Expenditures-Amount appropriated in the succeeding year's budget to reduce tax requirements	2,307	118,616
Unassigned:		
Undesignated-Represents fund balance which has not been restricted or designated	<u>382,343</u>	<u>371,164</u>
Total Fund Balance	<u>\$ 999,596</u>	<u>\$ 804,702</u>

NOTE 15. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended by PL 2004, Ch 73 (S1701), the designation for Reserved 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 reserve General Fund, fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2013 is \$-0-.

NOTE 16. DEFICIT FUND BALANCE

The district has a deficit fund balance of \$193,505 in the General Fund as of June 30, 2013 as reported in the fund statements. NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For inter-governmental transactions, GASB Statement No. 33 requires the recognition (revenue, expenditure, asset and liability) should be in symmetry, (i.e. if one government recognizes an asset, the other government recognizes a liability).

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 16. DEFICIT FUND BALANCE (Cont'd)

Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the June state aid payments, the unreserved, undesignated general fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to NJSA 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP funds statements of \$382,343 is less than the last state aid payment of \$575,848.

NOTE 17: SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 18, 2013, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

NOTE 18: RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

The following is a list of recent accounting pronouncements which are not yet effective as of the year end date of this report:

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65 "Items Previously Reported as Assets and Liabilities". This statement, which clarifies the reporting requirements related to deferred assets and liabilities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the District's financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 66 "Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62". This statement, which resolves conflicts between Statements No. 10 and No. 54 provides more flexibility in fund classifications for risk based activities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the District's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67 "Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, is not anticipated to have any effect on the District's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, is not anticipated to have any effect on the District's financial reporting.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 17: RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, is not anticipated to have any effect on the District's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No.70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal periods beginning after June 15, 2013, is not anticipated to have any effect on the District's financial reporting.

REQUIRED SUPPLEMENTARY INFORMATION-PART II

BUDGETARY COMPARISON SCHEDULES

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 12,362,011		\$ 12,362,011	\$ 12,362,011	
Interest on Capital Reserve Funds	200		200	24	\$ (176)
Interest on Investments				11	11
Building Use Rent				6,000	6,000
Unrestricted Miscellaneous Revenues	50,000		50,000	12,469	(37,531)
Total	12,412,211	\$ -	12,412,211	12,380,515	(31,696)
State Sources:					
Categorical Special Education Aid	755,284		755,284	755,284	
Categorical Security Aid	103,459		103,459	103,459	
Categorical Transportation Aid	309,776		309,776	309,776	
Equalization Aid	4,579,836		4,579,836	4,579,836	
Adjustment Aid	49,689		49,689	49,689	
Extraordinary Aid	40,000		40,000	50,085	10,085
Non Public Remote Transportation Aid				13,866	13,866
On-Behalf TPAF Pension Contribution				383,561	383,561
On-Behalf TPAF Post Retirement Medical Benefits				433,710	433,710
Reimbursed TPAF Social Security Contribution				448,642	448,642
Total	5,838,044	-	5,838,044	7,127,908	1,289,864
TOTAL REVENUES	\$ 18,250,255	\$ -	\$ 18,250,255	\$ 19,508,423	\$ 1,258,168
EXPENDITURES					
Current:					
Regular Programs:					
Instruction-Salaries of Teachers:					
Kindergarten	\$ 235,087	\$ 10,737	\$ 245,824	\$ 245,824	
Grades 1-5	2,183,577	(41,051)	2,142,526	2,140,240	\$ 2,286
Grades 6-8	1,601,690	(11,826)	1,589,864	1,589,864	
Home Instruction:					
Salaries of Teachers	1,800	4,071	5,871	5,871	
Other Purchased Services	22,000	(2,838)	19,162	9,920	9,242
Undistributed Instruction:					
Other Salaries for Instruction	163,549	65,293	228,842	222,647	6,195
Purchased Technical Services	12,000		12,000	6,186	5,814
Other Purchased Services	91,028		91,028	62,415	28,613
General Supplies	255,700	(1,054)	254,646	233,219	21,427
Textbooks	21,512	(1,702)	19,810	9,171	10,639
Other Objects	3,000	2,755	5,755	5,105	650
Total	4,590,943	24,385	4,615,328	4,530,462	84,866
Special Education:					
Learning and/or Language Disabilities:					
Salaries of Teachers	-	6,096	6,096	6,096	-
Resource Room/Center:					
Salaries of Teachers	606,762	10,206	616,968	616,968	
General Supplies	300		300		300
Total	607,062	10,206	617,268	616,968	300
Preschool Disabilities-Part Time:					
Other Salaries for Instruction	-	280	280	280	-
Total Special Education	607,062	16,582	623,644	623,344	300

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

EXPENDITURES (Cont'd)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current: (cont'd)					
Basic Skills/Remedial:					
Salaries of Teachers	\$ 98,163	\$ 13,407	\$ 111,570	\$ 109,090	\$ 2,480
General Supplies	300		300		300
Total	98,463	13,407	111,870	109,090	2,780
Bilingual Education:					
Salaries of Teachers	20,566	-	20,566	20,566	-
School Sponsored Co-Curricular Activities:					
Salaries	10,000	-	10,000	1,650	8,350
School Sponsored Athletics:					
Salaries	5,000	-	5,000	4,450	550
Total Instruction-Regular	\$ 5,332,034	\$ 54,374	\$ 5,386,408	\$ 5,289,562	\$ 96,846
Undistributed Expenditures:					
Instruction-Tuition:					
Other LEAs within the State-Regular	\$ 5,050,007		\$ 5,050,007	\$ 5,050,000	\$ 7
Other LEAs within the State-Special	809,836	\$ (8,082)	801,754	797,504	4,250
County Vocational School District-Regular	17,109	18,393	35,502	17,109	18,393
County Vocational School District-Special	16,575		16,575	16,575	
CSSD and Regional Day Schools		9,664	9,664	9,664	
Private School for the Disabled Within The State	477,251	(110,868)	366,383	366,383	
Total	6,370,778	(90,893)	6,279,885	6,257,235	22,650
Health Services:					
Salaries	186,965	(28,888)	158,077	143,569	14,508
Purchased Professional and Technical Services	3,800		3,800	3,500	300
Supplies and Materials	4,500		4,500	3,348	1,152
Total	195,265	(28,888)	166,377	150,417	15,960
Speech, OT, PT and Related Services:					
Salaries	146,954	1,490	148,444	148,444	
Purchased Professional-Educational Services	125,000	(33,832)	91,168	74,144	17,024
Supplies and Materials	200		200	53	147
Total	272,154	(32,342)	239,812	222,641	17,171
Other Support Services-Students-Extraordinary:					
Salaries	73,533	9,036	82,569	82,569	
Purchased Professional-Educational Services		25,600	25,600	25,600	
Total	73,533	34,636	108,169	108,169	-
Guidance:					
Salaries of Other Professional Staff	139,588	392	139,980	139,980	
Salaries of Secretarial and Clerical Assistants	13,907		13,907	13,907	
Purchased Professional-Educational Services	3,000		3,000	1,055	1,945
Other Purchased Services	100		100		100
Supplies and Materials	180		180	111	69
Other Objects	50		50		50
Total	156,825	392	157,217	155,053	2,164
Child Study Teams:					
Salaries of Other Professional Staff	231,109	30,460	261,569	261,569	
Salaries of Secretarial and Clerical Assistants	17,590	555	18,145	18,145	
Purchased Professional-Educational Services	5,000	1,388	6,388	6,388	
Miscellaneous Purchased Services	700	39	739	739	
Supplies and Materials	2,300	2,021	4,321	4,074	247
Total	256,699	34,463	291,162	290,915	247

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

EXPENDITURES (Cont'd)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current: (cont'd)					
Improvement of Instructional Services:					
Salaries of Other Professional Staff	\$ 25,000	\$ (25,000)			
Salaries of Secretarial and Clerical Assistants	3,347		\$ 3,347	\$ 3,347	
Other Salaries	25,334		25,334	25,334	
Other Purchased Services		18,692	18,692	18,692	
Total	53,681	(6,308)	47,373	47,373	\$ -
Educational Media Service for School Library:					
Salaries	134,162	1	134,163	133,860	303
Salaries of Technology Coordinators	27,450		27,450	27,450	
Supplies and Materials	3,900	87	3,987	3,914	73
Total	165,512	88	165,600	165,224	376
Support Services-General Administration:					
Salaries	171,543	(109,452)	62,091	62,091	
Legal Services	40,000	(48)	39,952	39,512	440
Audit Fees	22,000		22,000	19,897	2,103
Other Purchased Professional Services	35,000	51,049	86,049	86,049	
Purchased Technical Services	2,000		2,000	79	1,921
Communications and Telephone	33,000	4,725	37,725	33,487	4,238
Miscellaneous Purchased Services	32,000	23,213	55,213	31,372	23,841
General Supplies	500		500	497	3
BOE In-House Training/Meeting Supplies	50	29	79	79	
Miscellaneous Expenditures	6,000	3,633	9,633	9,633	
Board of Education Membership Dues & Fees	-	8,256	8,256	8,256	
Total	342,093	(18,595)	323,498	290,952	32,546
Support Services-School Administration:					
Salaries of Principals/Asst Principals/Pgm Directors	279,218	39,691	318,909	318,909	
Salaries of Secretarial and Clerical Assistants	134,231	4,284	138,515	138,515	
Other Purchased Services	100		100		100
Supplies and Materials	4,000		4,000	3,045	955
Other Objects	2,400		2,400	889	1,511
Total	419,949	43,975	463,924	461,358	2,566
Central Services:					
Salaries	179,866	803	180,669	180,669	
Purchased Professional Services	2,500	3,200	5,700	5,700	
Miscellaneous Purchased Services	5,000	1,435	6,435	6,435	
Supplies and Materials	800		800	190	610
Miscellaneous Expenditures	1,500	971	2,471	2,471	
Total	189,666	6,409	196,075	195,465	610
Administrative Information Technology Services:					
Salaries	5,177		5,177	5,177	
Purchased Technical Services	3,000		3,000	3,000	
Total	8,177	-	8,177	8,177	-
Required Maintenance for School Facilities:					
Salaries	141,225		141,225	141,225	
Cleaning, Repair, and Maintenance Services	51,500	38,857	90,357	89,267	1,090
General Supplies	25,500	(10,230)	15,270	12,160	3,110
Other Objects	2,500	(29)	2,471	2,471	
Total	220,725	28,598	249,323	245,123	4,200

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Custodial Services:					
Salaries	\$ 308,894	\$ 27,146	\$ 336,040	\$ 336,040	
Purchased Professional and Technical Services	19,000	5,962	24,962	24,962	
Cleaning, Repair, and Maintenance Services	50,000	18,875	68,875	62,891	\$ 5,984
Insurance	52,400	(1,254)	51,146	51,146	
Miscellaneous Purchased Services	3,000	(283)	2,717	2,451	266
General Supplies	14,856	15,458	30,314	29,969	345
Energy (Electricity)	195,000	(10,383)	184,617	180,521	4,096
Energy (Oil)	185,000	(19,779)	165,221	162,306	2,915
Other Objects	600	108	708	708	
Total	828,750	35,850	864,600	850,994	13,606
Care and Upkeep of Grounds:					
Salaries	26,230		26,230	26,230	
Purchased Professional and Technical Services	1,500		1,500	1,000	500
Cleaning, Repair, and Maintenance Services		6,685	6,685	6,685	
General Supplies	4,952	(3,638)	1,314	812	502
Other Objects	200		200		200
Total	32,882	3,047	35,929	34,727	1,202
Student Transportation Services:					
Salaries of Non-instructional Aides	19,280	(2,226)	17,054	17,054	
Salaries for Pupil Trans (Btw Home & Sch)-Regular	1,480	(430)	1,050		1,050
Management Fee-ESC Transportation Program		5,174	5,174	5,174	
Other Purchased Professional & Technical Services	17,500		17,500	17,103	397
Rental Payments-School Buses	17,036	(38)	16,998	16,928	70
Contracted Svc-Aid in Lieu Payments-N/P Schools	40,812	6,188	47,000	43,375	3,625
Contracted Svc-Aid in Lieu Payments-Charter School	6,188	(6,188)			
Contracted Svc (Between Home & School)-Vendors	573,205	(13,240)	559,965	559,965	
Contracted Svc (Other than Btw Home & Sch)-Vend	6,000	(1,199)	4,801	998	3,803
Contracted Svc (Sp Ed Students)-Joint Agreements	265,000	(231,570)	33,430	33,430	
Contracted Svc (Sp Ed Students)-ESCs & CTSA's		131,406	131,406	131,406	
General Supplies	7,000		7,000	5,264	1,736
Other Objects	100	7,538	7,638	1,264	6,374
Total	953,601	(104,585)	849,016	831,961	17,055
Unallocated Benefits-Employee Benefits:					
Social Security Contributions	140,000	(5,205)	134,795	133,859	936
Other Retirement Contributions-PERS	107,171	(3,441)	103,730	103,730	
Other Retirement Contributions-Regular	22,999	(20,286)	2,713	2,592	121
Unemployment Compensation	25,000	13,919	38,919	38,919	
Workmen's Compensation	70,000	12,016	82,016	82,016	
Health Benefits	1,667,408	64,649	1,732,057	1,725,991	6,066
Tuition Reimbursement	34,000		34,000	30,763	3,237
Other Employee Benefits	20,000	23,587	43,587	42,816	771
Total	2,086,578	85,239	2,171,817	2,160,686	11,131
On-Behalf TPAF Pension Contribution				383,561	(383,561)
On-Behalf TPAF Post Retirement Medical Benefits				433,710	(433,710)
Reimbursed TPAF Social Security Contribution				448,642	(448,642)
Total	-	-	-	1,265,913	(1,265,913)
Total Undistributed Expenditures	\$ 12,626,868	\$ (8,914)	\$ 12,617,954	\$ 13,742,383	\$ (1,124,429)
TOTAL CURRENT	\$ 17,958,902	\$ 45,460	\$ 18,004,362	\$ 19,031,945	\$ (1,027,583)

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services		\$ 20,978	\$ 20,978	\$ 20,978	
Construction Services	\$ 373,300	(20,978)	352,322	199,456	\$ 152,866
Assessment for Debt Service on SDA Funding	935		935	935	
Total	<u>374,235</u>	<u>-</u>	<u>374,235</u>	<u>221,369</u>	<u>152,866</u>
TOTAL CAPITAL OUTLAY	<u>\$ 374,235</u>	<u>\$ -</u>	<u>\$ 374,235</u>	<u>\$ 221,369</u>	<u>\$ 152,866</u>
TRANSFER OF FUNDS TO CHARTER SCHOOLS	<u>\$ 109,534</u>	<u>\$ (45,460)</u>	<u>\$ 64,074</u>	<u>\$ 60,215</u>	<u>\$ 3,859</u>
TOTAL EXPENDITURES	<u>\$ 18,442,671</u>	<u>\$ -</u>	<u>\$ 18,442,671</u>	<u>\$ 19,313,529</u>	<u>\$ (870,858)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (192,416)	\$ -	\$ (192,416)	\$ 194,894	\$ 387,310
Fund Balances, July 1	804,702	-	804,702	804,702	-
Fund Balances, June 30	<u>\$ 612,286</u>	<u>\$ -</u>	<u>\$ 612,286</u>	<u>\$ 999,596</u>	<u>\$ 387,310</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures:					
Increase in Capital Reserve	\$ 200	\$ 200,000	\$ 200,200	\$ 200,024	\$ (176)
Withdrawal from Capital Reserve	(74,000)		(74,000)		74,000
Increase in Maintenance Reserve		100,000	100,000	100,000	
Budgeted Fund Balance	(118,616)	(300,000)	(418,616)	(105,130)	313,486
TOTAL	<u>\$ (192,416)</u>	<u>\$ -</u>	<u>\$ (192,416)</u>	<u>\$ 194,894</u>	<u>\$ 387,310</u>
RECAPITULATION OF FUND BALANCE					
Restricted for:					
Excess Surplus:					
Prior Year-Designated for 2013-2014 Budget				\$ 13,943	
Committed for:					
Capital Reserve			\$ 501,003		
Maintenance Reserve			<u>100,000</u>		
				601,003	
Assigned for:					
Designated for Subsequent Year's Expenditures				2,307	
Unassigned Fund Balance				<u>382,343</u>	
				999,596	
Reconciliation to Governmental Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis				<u>(575,848)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 423,748</u>	

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(NOT APPLICABLE TO THIS REPORT)

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources	\$ 6,687		\$ 6,687	\$ 2,879	\$ (3,808)
Federal Sources	365,720		365,720	351,784	(13,936)
TOTAL REVENUES	\$ 372,407	\$ -	\$ 372,407	\$ 354,663	\$ (17,744)
EXPENDITURES					
Instruction:					
Salaries	\$ 56,906	\$ 23,051	\$ 79,957	\$ 79,377	\$ 580
Purchased Professional & Technical Services	3,427	(3,427)			
Tuition	223,744		223,744	223,744	
General Supplies	21,716	2,044	23,760	13,656	10,104
Totals	305,793	21,668	327,461	316,777	10,684
Support Services:					
Salaries	21,948	(21,948)			
Employee Benefits	12,994	(2,044)	10,950	10,950	
Purchased Professional & Technical Services	26,515	(6,618)	19,897	14,732	5,165
Other Purchased Services		10,124	10,124	10,124	
Supplies & Materials	5,157	(1,182)	3,975	2,080	1,895
Total	66,614	(21,668)	44,946	37,886	7,060
TOTAL EXPENDITURES	\$ 372,407	\$ -	\$ 372,407	\$ 354,663	\$ 17,744

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE

Explanation of differences between budgetary inflows and outflows
and GAAP revenues and expenditures:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary budgetary comparison schedules	\$ 19,508,423	\$ 354,663
<p>The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):</p>		
State Aid Receivable-Prior Year	583,698	
State Aid Receivable-Current Year	<u>(575,848)</u>	
Total Revenues (GAAP Basis)	<u>\$ 19,516,273</u>	<u>\$ 354,663</u>
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 19,313,529</u>	<u>\$ 354,663</u>
Total Expenditures (GAAP Basis)	<u>\$ 19,313,529</u>	<u>\$ 354,663</u>

OTHER SUPPLEMENTAL INFORMATION

SCHOOL LEVEL SCHEDULES

(NOT APPLICABLE TO THIS REPORT)

SPECIAL REVENUE FUND

DETAIL STATEMENTS

The special revenue fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Various Local Grants	Race to the Top	NCLB Title I	NCLB Title IIA	IDEA Basic	IDEA Preschool	Total
REVENUES							
Local Sources	\$ 2,879						\$ 2,879
Federal Sources		\$ 3,172	\$ 30,024	\$ 28,644	\$ 283,667	\$ 6,277	351,784
TOTAL REVENUES	\$ 2,879	\$ 3,172	\$ 30,024	\$ 28,644	\$ 283,667	\$ 6,277	\$ 354,663
EXPENDITURES							
Instruction:							
Salaries			\$ 14,707	\$ 9,420	\$ 50,000	\$ 5,250	\$ 79,377
Tuition					222,717	1,027	223,744
General Supplies	\$ 2,879		10,777				13,656
Total	2,879	\$ -	25,484	9,420	272,717	6,277	316,777
Support Services:							
Personal Services-Employee Benefits					10,950		10,950
Purchased Professional and Technical Services		1,092	4,540	9,100			14,732
Other Purchased Services				10,124			10,124
Supplies & Materials		2,080					2,080
Total	-	3,172	4,540	19,224	10,950	-	37,886
TOTAL EXPENDITURES	\$ 2,879	\$ 3,172	\$ 30,024	\$ 28,644	\$ 283,667	\$ 6,277	\$ 354,663

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

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

(NOT APPLICABLE TO THIS REPORT)

PROPRIETARY FUND

DETAIL STATEMENTS

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 COMBINING STATEMENT OF FUND NET POSITION
 ENTERPRISE FUND
 JUNE 30, 2013

	<u>Food Service Fund</u>
Current Assets:	
Cash & Cash Equivalents	\$ 56,114
Receivables from Other Governments:	
State	304
Federal	3,027
Inventories	4,922
Total Current Assets	<u>64,367</u>
Noncurrent Assets:	
Capital Assets	286,561
Less: Accumulated Depreciation	<u>262,241</u>
Total Noncurrent Assets	<u>24,320</u>
Total Assets	<u>88,687</u>
 LIABILITIES	
Current Liabilities:	
Accounts Payable	404
Unearned Revenue	4,890
Total Current Liabilities	<u>5,294</u>
 NET POSITION	
Net Investment in Capital Assets	24,320
Unrestricted	<u>59,073</u>
TOTAL NET POSITION	<u>\$ 83,393</u>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Food Service Fund</u>
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 105,048
Daily Sales-Nonreimbursable Programs	40,585
Total Operating Revenues	<u>145,633</u>
Operating Expenses:	
Costs of Sales	91,985
Salaries	79,563
Employee Benefits	14,306
Purchased Property Services	3,433
Insurance	1,223
Management Fees	10,251
Other Purchased Services	2,959
General Supplies	9,157
Depreciation	9,766
Miscellaneous	486
Total Operating Expenses	<u>223,129</u>
Operating Income (Loss)	<u>(77,496)</u>
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	2,344
Federal Sources:	
National School Lunch Program	41,197
Food Donation Program	15,074
Total Nonoperating Revenues (Expenses)	<u>58,615</u>
Other Financing Sources (Uses):	
Loss on Disposal of Capital Assets	<u>(1,333)</u>
Change in Net Position	(20,214)
Total Net Position, Beginning	<u>103,607</u>
Total Net Position, Ending	<u><u>\$ 83,393</u></u>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Food Service Fund</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 145,740
Payments to Employees	(15,761)
Payments to Food Services Management Company	(177,003)
Payments to Vendors	<u>(3,683)</u>
Net Cash Used For Operating Activities	<u>(50,707)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	2,178
Federal Sources	<u>40,560</u>
Net Cash Provided by Noncapital Financing Activities	<u>42,738</u>
Net Decrease in Cash and Cash Equivalents	(7,969)
Cash and Cash Equivalents, Beginning	<u>64,083</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 56,114</u></u>
Reconciliation of Operating Loss to Net	
Cash Provided by (Used For) Operating Activities:	
Operating Income (Loss)	\$ (77,496)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used For) Operating Activities:	
Depreciation	9,766
Federal Food Donation Program	15,074
Decrease in Prepaid Expenses	1,515
Increase in Inventory	(917)
Increase in Accounts Payable	99
Increase in Unearned Revenue	<u>1,252</u>
Net Cash Used For Operating Activities	<u><u>\$ (50,707)</u></u>

FIDUCIARY FUND

DETAIL STATEMENTS

Fiduciary Fund are used to account for funds received by the school district as an agent for individuals, private organizations, other governments and/or other funds.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY FUND NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2013

	Student Activity Agency Fund	Payroll Agency Fund	Totals
ASSETS			
Cash & Cash Equivalents	\$ 38,425	\$ 9,792	\$ 48,217
TOTAL ASSETS	<u>\$ 38,425</u>	<u>\$ 9,792</u>	<u>\$ 48,217</u>
LIABILITIES			
Due to Other Funds		\$ 2,000	\$ 2,000
Due to Student Groups	\$ 38,425		38,425
Payroll Deductions & Withholdings		7,792	7,792
TOTAL LIABILITIES	<u>\$ 38,425</u>	<u>\$ 9,792</u>	<u>\$ 48,217</u>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(NOT APPLICABLE TO THIS REPORT)

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance 07/01/12	Additions	Deletions	Balance 06/30/13
ASSETS				
Cash and Cash Equivalents	\$ 21,084	\$ 93,354	\$ 76,013	\$ 38,425
TOTAL ASSETS	\$ 21,084	\$ 93,354	\$ 76,013	\$ 38,425
LIABILITIES				
Due to Student Groups:				
Central School	\$ 274	\$ 4,097	\$ 50	\$ 4,321
Liberty School	3,865	7,094	5,767	5,192
Middle School	16,945	82,163	70,196	28,912
TOTAL LIABILITIES	\$ 21,084	\$ 93,354	\$ 76,013	\$ 38,425

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
PAYROLL AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance 07/01/12	Additions	Deletions	Balance 06/30/13
ASSETS				
Cash and Cash Equivalents	\$ 8,650	\$ 8,382,956	\$ 8,381,814	\$ 9,792
TOTAL ASSETS	\$ 8,650	\$ 8,382,956	\$ 8,381,814	\$ 9,792
LIABILITIES AND RESERVES				
Due to Other Funds	\$ 2,000			\$ 2,000
Payroll Deductions & Withholdings	6,650	\$ 3,462,659	\$ 3,461,517	7,792
Net Payroll		4,920,297	4,920,297	
TOTAL LIABILITIES AND RESERVES	\$ 8,650	\$ 8,382,956	\$ 8,381,814	\$ 9,792

LONG-TERM DEBT SCHEDULES

The long-term debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
 JUNE 30, 2013

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/12	Issued	Retired	Balance 06/30/13
			Date	Amount					
General Obligation Refunding School Bonds of 2008	12/20/07	\$ 8,355,000	01/15/14	\$ 465,000	4.750%				
			01/15/15	480,000					
			01/15/16	480,000					
			01/15/17	450,000	4.000%				
				50,000					
			01/15/18	220,000	4.000%				
				300,000					
			01/15/19	520,000	4.250%				
			01/15/20	530,000					
			01/15/21	525,000	4.000%				
			01/15/22	525,000					
			01/15/23	520,000					
			01/15/24	545,000					
01/15/25	550,000								
					<u>\$ 6,600,000</u>		<u>\$ 440,000</u>	<u>\$ 6,160,000</u>	
					<u>\$ 6,600,000</u>	<u>\$ -</u>	<u>\$ 440,000</u>	<u>\$ 6,160,000</u>	

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(NOT APPLICABLE TO THIS REPORT)

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 537,321		\$ 537,321	\$ 537,321	
Miscellaneous				707	\$ 707
State Sources:					
Debt Service Aid Type II	185,111		185,111	185,111	
Total Revenues	<u>722,432</u>	<u>\$ -</u>	<u>722,432</u>	<u>723,139</u>	<u>707</u>
EXPENDITURES					
Regular Debt Service:					
Redemption of Principal	440,000		440,000	440,000	
Interest on Bonds	284,550		284,550	284,550	
Total Expenditures	<u>724,550</u>	<u>-</u>	<u>724,550</u>	<u>724,550</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,118)	-	(2,118)	(1,411)	707
Fund Balance, July 1	<u>1,411</u>	<u>-</u>	<u>1,411</u>	<u>1,411</u>	
Fund Balance, June 30	<u>\$ (707)</u>	<u>\$ -</u>	<u>\$ (707)</u>	<u>\$ -</u>	<u>\$ 707</u>
Recapitulation of Excess (Deficiency) of Revenue and Other Financing Sources Over(Under) Expenditures and Other Financing Uses:					
Budgeted Fund Balance	<u>\$ (2,118)</u>	<u>\$ -</u>	<u>\$ (2,118)</u>	<u>\$ (1,411)</u>	<u>\$ 707</u>

STATISTICAL SECTION

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
STATISTICAL SECTION J SERIES
(UNAUDITED)

CONTENTS	PAGE
FINANCIAL TRENDS	
These Schedules Contain Trend Information to Help the Reader Understand how the District's Financial Performance and Well Being have Changed Over Time.	J-1 to J-6
REVENUE CAPACITY	
These Schedules Contain Trend Information to Help the Reader Assess the District's most Significant Local Revenue Sources, the Property Tax.	J-7 to J-15
DEBT CAPACITY	
These Schedules Contain Trend Information to Help the Reader Assess the Affordability of the District's Current Levels of Outstanding Debt and the District's Ability to Issue Additional Debt in the Future.	J-16 to J-20
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These Schedules Offer Demographic and Economic Indicators to Help the Reader Understand the Environment Within Which the District's Financial Activities Take Place.	J-21 to J-22
OPERATING INFORMATION	
These Schedules Contain Service and Infrastructure Data to Help the Reader Understand how the Information in the District's Financial Report Relates to the Services the District Provides and the Activities it Performs.	J-23 to J-27

Sources: Unless Otherwise noted, the Information in these Schedules is Derived from the Comprehensive Annual Financial Reports (CAFR) for the Relevant Year. The District Implemented GASB Statement 34 in the Fiscal Year Ending June 30, 2003; Schedules Presenting District-Wide Information Include Information Beginning in That Year.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GOVERNMENTAL ACTIVITIES										
Net Investment in Capital Assets	\$ 1,986,026	\$ 1,834,105	\$ 1,982,839	\$ 2,048,403	\$ 2,233,997	\$ 2,169,119	\$ 2,067,713	\$ 2,223,422	\$ 2,280,547	\$ 2,580,148
Restricted	295,719	380,237	398,741	767,510	1,282,077	1,249,737	851,370	268,809	302,390	601,003
Unrestricted	(126,330)	(34,529)	102,764	93,604	(20,144)	(456,883)	(287,781)	(439,822)	(427,747)	(663,529)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 2,155,415	\$ 2,179,813	\$ 2,484,344	\$ 2,909,517	\$ 3,495,930	\$ 2,961,973	\$ 2,631,302	\$ 2,052,409	\$ 2,155,190	\$ 2,517,622
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	\$ 58,108	\$ 43,743	\$ 29,378	\$ 54,536	\$ 40,606	\$ 40,336	\$ 40,066	\$ 57,321	\$ 35,419	\$ 24,320
Unrestricted	7,925	12,047	25,415	46,654	61,645	71,108	82,654	81,263	68,188	59,073
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 66,033	\$ 55,790	\$ 54,793	\$ 101,190	\$ 102,251	\$ 111,444	\$ 122,720	\$ 138,584	\$ 103,607	\$ 83,393
DISTRICT-WIDE										
Net Investment in Capital Assets	\$ 2,044,134	\$ 1,877,848	\$ 2,012,217	\$ 2,102,939	\$ 2,274,603	\$ 2,209,455	\$ 2,107,779	\$ 2,280,743	\$ 2,315,966	\$ 2,604,468
Restricted	295,719	380,237	398,741	767,510	1,282,077	1,249,737	851,370	268,809	302,390	601,003
Unrestricted	(118,405)	(22,482)	128,179	140,258	41,501	(385,775)	(205,127)	(358,559)	(359,559)	(604,456)
TOTAL DISTRICT-WIDE	\$ 2,221,448	\$ 2,235,603	\$ 2,539,137	\$ 3,010,707	\$ 3,598,181	\$ 3,073,417	\$ 2,754,022	\$ 2,190,993	\$ 2,258,797	\$ 2,601,015

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EXPENSES										
Governmental Activities:										
Instruction:										
Regular	\$ 5,189,375	\$ 5,302,355	\$ 5,682,783	\$ 5,964,787	\$ 6,342,308	\$ 6,365,004	\$ 6,625,624	\$ 6,233,798	\$ 6,324,035	\$ 6,893,927
Special Education	804,895	722,752	752,050	748,305	649,274	590,167	610,771	578,486	1,106,202	1,039,462
Other Instruction	138,690	173,823	251,083	225,358	214,485	186,423	213,765	135,509	233,416	244,637
Support Services:										
Tuition	5,452,270	6,428,852	6,416,140	6,610,839	6,939,549	7,412,871	7,471,174	8,180,781	7,177,323	6,541,194
Student & Instruction Related Services	1,228,955	1,308,144	1,323,489	1,380,181	1,510,879	1,518,762	1,494,296	1,377,734	1,697,007	1,713,346
General & Business Administrative Services	517,843	598,815	500,494	664,152	691,863	594,160	584,263	552,999	724,352	628,034
School Administration	479,697	477,815	500,195	456,864	466,690	511,007	497,091	505,510	608,888	705,221
Plant Operations & Maintenance	896,541	1,032,001	1,073,546	1,067,988	1,261,993	1,231,186	1,266,575	1,336,289	1,214,530	1,349,828
Pupil Transportation	1,092,050	990,628	1,049,208	1,238,822	1,223,682	1,253,663	1,114,332	1,071,411	794,567	845,042
Interest on Long-Term Debt	431,016	427,046	395,324	378,558	394,047	332,991	322,057	308,733	294,224	275,906
Unallocated Depreciation	29,131	31,474	33,127	35,641	35,641	35,641	35,641	38,113		
Total Governmental Activities Expenses	16,260,463	17,493,705	17,977,439	18,771,495	19,730,411	20,031,875	20,235,589	20,319,363	20,174,544	20,236,597
Business-Type Activities:										
Food Services	249,321	242,529	234,371	235,215	243,387	228,484	226,973	214,089	264,899	223,129
Child Care	105,106	100,912	106,057	550						
Total Business-Type Activities	354,427	343,441	340,428	235,765	243,387	228,484	226,973	214,089	264,899	223,129
TOTAL DISTRICT EXPENSES	\$ 16,614,890	\$ 17,837,146	\$ 18,317,867	\$ 19,007,260	\$ 19,973,798	\$ 20,260,359	\$ 20,462,562	\$ 20,533,452	\$ 20,439,443	\$ 20,459,726

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)
(Continued)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services										
Operating Grants & Contributions	\$ 331,066	\$ 360,536	\$ 363,697	\$ 266,089	\$ 437,626	\$ 337,757	\$ 442,837	\$ 572,683	\$ 30,910	\$ 11,604
Capital Grants & Contributions			86,023				79,560		518,132	354,663
Total Governmental Activities Program Revenues	331,066	360,536	449,720	266,089	437,626	337,757	522,397	572,683	530,875	366,267
Business-Type Activities:										
Charges for Services:										
Food Service	147,343	149,425	197,684	194,787	190,703	180,913	179,558	172,715	161,116	145,633
Child Care	102,854	100,200	94,167			(756)				
Operating Grants & Contributions	40,826	41,671	46,840	49,212	53,745	57,520	58,691	57,238	67,529	58,615
Total Business-Type Activities Program Revenues	291,023	291,296	338,691	243,999	244,448	237,677	238,249	229,953	228,645	204,248
TOTAL DISTRICT-PROGRAM REVENUES	\$ 622,089	\$ 651,832	\$ 788,411	\$ 510,088	\$ 682,074	\$ 575,434	\$ 760,646	\$ 802,636	\$ 759,520	\$ 570,515
NET (EXPENSE) REVENUES										
Governmental Activities										
Governmental Activities	\$ (15,929,397)	\$ (17,133,169)	\$ (17,527,719)	\$ (18,505,406)	\$ (19,292,785)	\$ (19,694,118)	\$ (19,713,192)	\$ (19,746,680)	\$ (19,643,669)	\$ (19,870,330)
Business-Type Activities	(63,404)	(52,145)	(1,737)	8,234	1,061	9,193	11,276	15,864	(36,254)	(18,881)
TOTAL DISTRICT-WIDE NET EXPENSES	\$ (15,992,801)	\$ (17,185,314)	\$ (17,529,456)	\$ (18,497,172)	\$ (19,291,724)	\$ (19,684,925)	\$ (19,701,916)	\$ (19,730,816)	\$ (19,679,923)	\$ (19,889,211)
GENERAL REVENUES & OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 9,105,915	\$ 9,594,920	\$ 10,227,818	\$ 10,893,399	\$ 11,512,278	\$ 11,514,907	\$ 11,664,104	\$ 11,881,979	\$ 12,119,619	\$ 12,362,011
Taxes Levied for Debt Service	592,256	591,336	502,401	536,217	520,541	400,284	435,573	495,215	530,267	537,321
Unrestricted Grants & Contributions	6,796,376	6,933,425	7,003,402	7,435,417	7,615,333	7,102,805	7,175,409	6,703,258	7,145,724	7,320,869
Investment Earnings	17,300	28,888	64,178	105,954	73,019	14,868	5,226	294	37	35
Miscellaneous Income	63,585	50,900	35,191	29,582	158,027	127,297	102,209	35,907	40,780	13,176
Special Item-Loss on Disposal of Capital Assets										(650)
Special Item-Prior Year Accounts Receivable Canceled									(51,381)	
Special Item-Prior Year Grants Receivable Canceled									(38,596)	
Operating Transfer	(39,548)	(41,902)	(740)							
Total Governmental Activities	16,535,884	17,157,567	17,832,250	19,000,569	19,879,198	19,160,161	19,382,521	19,116,653	19,746,450	20,232,762

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)
 (Continued)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GENERAL REVENUES & OTHER CHANGES IN NET POSITION (Cont'd)										
Business-Type Activities:										
Miscellaneous									\$ 1,277	
Special Item-Loss on Disposal of Capital Assets										\$ (1,333)
Operating Transfer	\$ 39,548	\$ 41,902	\$ 740							
Total Business-Type Activities	<u>39,548</u>	<u>41,902</u>	<u>740</u>	<u>\$ -</u>	<u>1,277</u>	<u>(1,333)</u>				
TOTAL DISTRICT-WIDE	<u>\$ 16,575,432</u>	<u>\$ 17,199,469</u>	<u>\$ 17,832,990</u>	<u>\$ 19,000,569</u>	<u>\$ 19,879,198</u>	<u>\$ 19,160,161</u>	<u>\$ 19,382,521</u>	<u>\$ 19,116,653</u>	<u>\$ 19,747,727</u>	<u>\$ 20,231,429</u>
CHANGE IN NET POSITION										
Governmental Activities	\$ 606,487	\$ 24,398	\$ 304,531	\$ 495,163	\$ 586,413	\$ (533,957)	\$ (330,671)	\$ (630,027)	\$ 102,781	\$ 362,432
Business-Type Activities	(23,856)	(10,243)	(997)	8,234	1,061	9,193	11,276	15,864	(34,977)	(20,214)
TOTAL DISTRICT	<u>\$ 582,631</u>	<u>\$ 14,155</u>	<u>\$ 303,534</u>	<u>\$ 503,397</u>	<u>\$ 587,474</u>	<u>\$ (524,764)</u>	<u>\$ (319,395)</u>	<u>\$ (614,163)</u>	<u>\$ 67,804</u>	<u>\$ 342,218</u>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 FUND BALANCES, GOVERNMENTAL FUNDS,
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:										
Restricted	\$ 242,499	\$ 205,718	\$ 170,279	\$ 527,637	\$ 1,029,635	\$ 896,038	\$ 229,614	\$ 5,853	\$ 13,943	\$ 13,943
Committed	90,001	174,519	228,462	239,873	248,843	251,182	251,756	187,956	300,979	601,003
Assigned	75,983	299,720	275,000	404,950	230,397	211,114	456,183	149,832	118,616	2,307
Unassigned	200,460	(24,268)	120,341	56,120	64,376	(265,609)	(273,842)	(282,808)	(212,534)	(193,505)
Total General Fund	\$ 608,943	\$ 655,689	\$ 794,082	\$ 1,228,580	\$ 1,573,251	\$ 1,092,725	\$ 663,711	\$ 60,833	\$ 221,004	\$ 423,748
All Other Governmental Funds:										
Restricted, Reported In:										
Capital Projects Fund							\$ 183,383	\$ 45,815		
Assigned, Reported In:										
Debt Service Fund					\$ 3,599	\$ 2,517	2,918	2,518	\$ 1,411	
Total All Other Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ 3,599	\$ 2,517	\$ 186,301	\$ 48,333	\$ 1,411	\$ -

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Tax Levy	\$ 9,698,171	\$ 10,186,256	\$ 10,730,219	\$ 11,429,616	\$ 12,032,819	\$ 11,915,191	\$ 12,099,677	\$ 12,377,194	\$ 12,649,886	\$ 12,899,332
Tuition Charges		12,737	12,747							
Miscellaneous	83,385	67,051	89,239	152,523	645,651	145,792	111,751	42,269	70,552	22,090
State Sources	6,803,585	6,937,425	7,008,308	7,437,959	7,621,231	7,104,958	6,301,834	6,610,245	7,019,650	7,320,869
State Sources-Capital Projects			86,023				79,560		(18,187)	
Federal Sources	321,357	356,536	356,172	246,560	427,123	331,977	1,312,096	659,629	638,253	351,784
Total Revenues	16,906,498	17,560,005	18,282,708	19,266,658	20,726,824	19,497,918	19,904,918	19,689,337	20,360,154	20,594,075
Expenditures:										
Instruction:										
Regular Instruction	3,937,247	3,940,581	4,100,683	4,216,672	4,500,664	4,723,609	4,708,436	4,270,924	4,304,285	4,530,462
Special Education Instruction	695,679	618,093	637,042	617,157	540,467	494,767	508,255	487,624	698,902	623,344
Other Special Instruction	119,871	148,652	212,686	185,862	178,541	156,288	177,885	107,736	123,611	129,656
Other Instruction								6,489	8,135	6,100
Support Services:										
Tuition	4,712,454	5,497,916	5,434,948	5,452,225	5,776,605	6,214,590	6,217,157	6,895,835	6,854,550	6,257,235
Student & Inst Related Services	957,107	1,017,568	1,098,915	1,136,614	1,171,350	1,146,349	1,202,051	1,134,397	1,092,782	1,139,792
General Administration	285,179	358,588	268,071	370,947	383,058	306,593	294,378	280,473	329,984	290,952
School Administration Services	414,607	408,625	423,702	376,794	388,481	428,403	413,656	426,110	413,653	461,358
Central Services/Business	162,398	147,515	148,570	169,718	174,122	179,914	185,318	178,800	189,179	195,465
Administrative Information Technology		6,000	7,315	7,088	18,739	11,608	6,500	6,867	8,051	8,177
Plant Operations & Maintenance	774,890	882,561	852,058	878,278	1,050,506	1,032,166	1,053,984	1,126,400	987,553	1,130,844
Pupil Transportation	943,870	847,180	888,757	1,021,706	1,018,615	1,051,010	927,294	903,126	789,669	831,961
Employee Benefits	1,608,083	1,731,858	1,977,838	2,052,269	2,053,058	2,221,652	2,383,886	2,159,731	2,053,322	2,160,686
On-Behalf TPAF Pension & Soc Sec Contributions	535,855	555,439	656,811	1,085,179	1,088,839	842,725	862,565	837,080	983,157	1,265,913
Transfer to Charter Schools			49,040	79,848	78,270	114,161	90,000	140,250	84,784	60,215
Capital Outlay	99,309	104,791	90,082	149,065	279,930	145,634	32,529	92,940		220,434
Capital Projects			215,059				15,517	137,568		
Special Revenue Funds	327,857	360,536	363,697	266,089	437,626	337,757	442,837	572,683	518,132	354,663
Debt Service:										
Principal	397,000	421,000	315,000	380,000	830,000	235,000	300,000	350,000	415,000	440,000
Interest & Other Charges	449,770	424,454	403,301	386,649	409,683	337,300	327,900	315,150	301,832	285,485
Total Expenditures	16,421,176	17,471,357	18,143,575	18,832,160	20,378,554	19,979,526	20,150,148	20,430,183	20,156,581	20,392,742
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,421,176 485,322									
Other Financing Sources (Uses):										
Prior Year Accounts Receivable Canceled									(51,381)	
Prior Year Grant Receivable Canceled									(38,596)	
Transfers In (Out)	(39,548)	(41,902)	(740)							
Total Other Financing Sources (Uses)	(39,548)	(41,902)	(740)	-	-	-	-	-	(89,977)	-
Net Change in Fund Balances	\$ 445,774	\$ 46,746	\$ 138,393	\$ 434,498	\$ 348,270	\$ (481,608)	\$ (245,230)	\$ (740,846)	\$ 113,596	\$ 201,333
Debt Service as a Percentage of Non-Capital Expenditures	5.47%	5.12%	4.20%	4.28%	6.57%	2.97%	3.22%	3.40%	3.69%	3.73%

Source: District Records

NOTE: Non-capital expenditures are total expenditures less capital outlay, capital projects and debt service.
Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005
Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 LOCAL TAX LEVY BY CONSTITUENT DISTRICT
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year Ended June 30	Total	Township of Independence	Township of Liberty
2004	\$ 9,698,171	\$ 6,130,953	\$ 3,567,218
2005	10,186,256	6,352,532	3,833,724
2006	10,730,219	6,741,290	3,988,929
2007	11,429,616	7,170,597	4,259,019
2008	12,032,819	7,401,041	4,631,778
2009	11,915,191	7,398,483	4,516,708
2010	12,099,677	7,472,585	4,627,092
2011	12,377,194	7,675,912	4,701,282
2012	12,649,886	7,827,349	4,822,537
2013	12,899,332	8,018,233	4,881,099

Source: District Records

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 GENERAL FUND-OTHER LOCAL REVENUES BY SOURCE
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)

Description	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Interest Income	\$ 17,300	\$ 28,888	\$ 64,178	\$ 94,543	\$ 64,049	\$ 14,868	\$ 1,226	\$ 294	\$ 37	\$ 35
Tuition	16,006	12,737	12,747			95,743	3,272			
Transportation		80								
Prior Year Refunds	24,296	422	426	5,344	6,703	12,983	65,798	19,741	11,471	6,019
Prior Year Accounts Payable Canceled									5,596	1,019
Prior Year Outstanding Checks Canceled									5,889	
Grants/Donations	900	70	2,619							5,300
Building Use Fees	17,730	30,550	21,218	21,718	27,930	17,900	18,960	14,265	23,762	6,000
Local Government Energy Audit Program									13,625	
Book Fines									305	6
Miscellaneous	4,653	7,041	798	2,520	34,348	671	14,179	1,901	2,083	125
Annual Totals	\$ 80,885	\$ 79,788	\$ 101,986	\$ 124,125	\$ 133,030	\$ 142,165	\$ 103,435	\$ 36,201	\$ 62,768	\$ 18,504

Source: District Records

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
 ALL CONSTITUENT DISTRICTS COMBINED
 LAST TEN FISCAL YEARS
 (UNAUDITED)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vacant Land	\$ 14,126,800	\$ 22,833,000	\$ 22,864,700	\$ 20,066,800	\$ 20,218,660	\$ 19,413,700	\$ 19,332,800	\$ 19,113,800	\$ 18,597,300	\$ 17,876,500
Residential	502,713,900	806,678,300	817,181,000	823,569,500	828,213,700	833,494,500	834,269,500	837,270,000	833,245,800	828,498,100
Farm Regular	33,978,900	49,584,500	50,484,300	51,214,700	52,248,300	53,753,400	54,209,800	52,998,200	54,572,200	53,342,400
Q Farm	3,152,320	3,093,132	2,884,034	2,812,044	2,801,633	2,797,334	2,821,419	2,783,545	2,808,273	2,780,610
Commercial	22,361,500	36,724,400	35,774,800	35,175,200	37,101,400	37,112,500	37,153,200	36,283,000	36,900,400	36,352,300
Industrial	2,003,100	3,947,300	3,947,300	3,861,200	3,861,200	3,861,200	3,861,200	3,861,200	3,861,200	3,861,200
Apartment	10,921,700	16,673,100	16,673,100	16,220,400	15,873,100	15,873,100	15,873,100	15,873,100	15,873,100	15,873,100
Total Assessed Value	589,258,220	939,533,732	949,809,234	952,919,844	960,317,993	966,305,734	967,521,019	968,182,845	965,858,273	958,584,210
Public Utilities (a)	2,003,352	2,474,586	2,298,402	2,207,737	2,058,489	1,882,266	2,122,818	2,108,017	2,142,576	593,543
Net Valuation Taxable	\$ 591,261,572	\$ 942,008,318	\$ 952,107,636	\$ 955,127,581	\$ 962,376,482	\$ 968,188,000	\$ 969,643,837	\$ 970,290,862	\$ 968,000,849	\$ 959,177,753
Estimated Actual County Equalized Value	\$ 748,475,109	\$ 850,940,360	\$ 973,169,652	\$ 1,073,220,620	\$ 1,139,924,969	\$ 1,116,630,470	\$ 1,053,459,199	\$ 1,008,668,990	\$ 964,897,334	\$ 884,947,944
Percentage of Net Valuation to Estimated Actual County Equalized Value	79.00%	110.70%	97.84%	89.00%	84.42%	86.71%	92.04%	96.20%	100.32%	108.39%
Regional School Tax Rate by Constituent District:										
Independence Township	\$ 1.89	\$ 0.99	\$ 1.04	\$ 1.08	\$ 1.07	\$ 1.07	\$ 1.10	\$ 1.12	\$ 1.15	\$ 1.20
Liberty Township	\$ 1.50	\$ 1.53	\$ 1.61	\$ 1.74	\$ 1.67	\$ 1.71	\$ 1.73	\$ 1.79	\$ 1.79	\$ 1.80

Source: Municipal Tax Assessors

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 the County Board of Taxation requests Treasury to order a reassessment

(a) Taxable Value of Machinery, Implements and Equipments of Telephone and Messenger System Companies

* Revalued/Reassessed

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
 BY CONSTITUENT DISTRICT-TOWNSHIP OF INDEPENDENCE
 LAST TEN FISCAL YEARS
 (UNAUDITED)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vacant Land	\$ 6,872,900	\$ 15,253,200	\$ 14,028,100	\$ 13,043,100	\$ 13,292,260	\$ 12,669,300	\$ 12,659,900	\$ 12,709,200	\$ 12,211,100	\$ 11,240,300
Residential	284,396,000	585,789,800	592,669,400	595,614,900	598,075,100	603,000,600	602,981,100	604,215,100	600,488,000	595,375,400
Farm Regular	13,945,500	28,080,800	28,001,500	27,898,000	27,881,900	28,542,600	28,508,300	28,169,600	29,908,200	29,659,700
Q Farm	2,247,400	2,147,442	2,142,034	2,082,644	2,078,833	2,082,234	2,082,219	2,079,945	2,104,673	2,101,410
Commercial	14,611,900	28,825,700	28,358,100	28,206,800	30,133,000	30,144,100	30,184,800	29,412,600	30,030,000	29,700,500
Industrial	2,003,100	3,947,300	3,947,300	3,861,200	3,861,200	3,861,200	3,861,200	3,861,200	3,861,200	3,861,200
Apartment	10,921,700	16,364,300	16,364,300	15,911,600	15,564,300	15,564,300	15,564,300	15,564,300	15,564,300	15,564,300
Total Assessed Value	334,998,500	680,408,542	685,510,734	686,618,244	690,886,593	695,864,334	695,841,819	696,011,945	694,167,473	687,502,810
Public Utilities (a)	1,158,709	1,687,432	1,520,954	1,453,766	1,480,132	1,409,604	1,497,259	1,388,202	1,341,402	593,543
Net Valuation Taxable	\$ 336,157,209	\$ 682,095,974	\$ 687,031,688	\$ 688,072,010	\$ 692,366,725	\$ 697,273,938	\$ 697,339,078	\$ 697,400,147	\$ 695,508,875	\$ 688,096,353
Estimated Actual County Equalized Value	\$ 506,757,028	\$ 574,120,942	\$ 655,984,406	\$ 728,072,001	\$ 762,110,820	\$ 749,193,014	\$ 707,455,694	\$ 678,772,090	\$ 652,835,980	\$ 602,188,582
Percentage of Net Valuation to Estimated Actual County Equalized Value	66.33%	118.81%	104.73%	94.51%	90.85%	93.07%	98.57%	102.74%	106.54%	114.27%
Regional School Tax Rate	\$ 1.89	\$ 0.99	\$ 1.04	\$ 1.08	\$ 1.07	\$ 1.07	\$ 1.10	\$ 1.12	\$ 1.15	\$ 1.20

Source: Municipal Tax Assessor

NOTE Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment
 (a) Taxable Value of Machinery, Implements and Equipments of Telephone and Messenger System Companies

* Revalued/Reassessed

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
 BY CONSTITUENT DISTRICT-TOWNSHIP OF LIBERTY
 LAST TEN FISCAL YEARS
 (UNAUDITED)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vacant Land	\$ 7,253,900	\$ 7,579,800	\$ 8,836,600	\$ 7,023,700	\$ 6,926,400	\$ 6,744,400	\$ 6,672,900	\$ 6,404,600	\$ 6,386,200	\$ 6,636,200
Residential	218,317,900	220,888,500	224,511,600	227,954,600	230,138,600	230,493,900	231,288,400	233,054,900	232,757,800	233,122,700
Farm Regular	20,033,400	21,503,700	22,482,800	23,316,700	24,366,400	25,210,800	25,701,500	24,828,600	24,664,000	23,682,700
Q Farm	904,920	945,690	742,000	729,400	722,800	715,100	739,200	703,600	703,600	679,200
Commercial	7,749,600	7,898,700	7,416,700	6,968,400	6,968,400	6,968,400	6,968,400	6,870,400	6,870,400	6,651,800
Industrial										
Apartment		308,800	308,800	308,800	308,800	308,800	308,800	308,800	308,800	308,800
Total Assessed Value	254,259,720	259,125,190	264,298,500	266,301,600	269,431,400	270,441,400	271,679,200	272,170,900	271,690,800	271,081,400
Public Utilities (a)	844,643	787,154	777,448	753,971	578,357	472,662	625,559	719,815	801,174	-
Net Valuation Taxable	\$ 255,104,363	\$ 259,912,344	\$ 265,075,948	\$ 267,055,571	\$ 270,009,757	\$ 270,914,062	\$ 272,304,759	\$ 272,890,715	\$ 272,491,974	\$ 271,081,400
Estimated Actual County Equalized Value	\$ 241,718,081	\$ 276,819,418	\$ 317,185,246	\$ 345,148,619	\$ 377,814,149	\$ 367,437,456	\$ 346,003,505	\$ 329,896,900	\$ 312,061,354	\$ 282,759,362
Percentage of Net Valuation to Estimated Actual County Equalized Value	105.54%	93.89%	83.57%	77.37%	71.47%	73.73%	78.70%	82.72%	87.32%	95.87%
Regional School Tax Rate	\$ 1.50	\$ 1.53	\$ 1.61	\$ 1.74	\$ 1.67	\$ 1.71	\$ 1.73	\$ 1.79	\$ 1.79	\$ 1.80

Source: Municipal Tax Assessor

NOTE Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment
 (a) Taxable Value of Machinery, Implements and Equipments of Telephone and Messenger System Companies

* Revalued/Reassessed

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 BY CONSTITUENT DISTRICT-TOWNSHIP OF INDEPENDENCE
 LAST TEN FISCAL YEARS
 (RATE PER \$100 OF ASSESSED VALUE)
 (UNAUDITED)

Assessment Year	School District Direct Rate			Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-8)	Municipality	County	
			Total Direct School Tax Rate			
2004	\$ 1.80	\$ 0.09	\$ 1.89	\$ 0.38	\$ 1.01	\$ 3.28
2005	* 0.92	0.07	0.99	0.19	0.54	1.72
2006	0.99	0.05	1.04	0.21	0.60	1.85
2007	1.03	0.05	1.08	0.22	0.64	1.94
2008	1.03	0.04	1.07	0.24	0.67	1.98
2009	1.03	0.04	1.07	0.25	0.66	1.98
2010	1.06	0.04	1.10	0.26	0.63	1.99
2011	1.07	0.05	1.12	0.28	0.62	2.02
2012	1.10	0.05	1.15	0.31	0.64	2.10
2013	1.15	0.05	1.20	0.35	0.62	2.17

Sources: Municipal Tax Collector

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

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

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

* Revalued/Reassessed

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 BY CONSTITUENT DISTRICT-TOWNSHIP OF LIBERTY
 LAST TEN FISCAL YEARS
 (RATE PER \$100 OF ASSESSED VALUE)
 (UNAUDITED)

Assessment Year	School District Direct Rate			Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-9)	Municipality	County	
			Total Direct School Tax Rate			
2004	\$ 1.27	\$ 0.23	\$ 1.50	\$ 0.31	\$ 0.68	\$ 2.49
2005	1.34	0.19	1.53	0.31	0.69	2.53
2006	1.53	0.08	1.61	0.32	0.75	2.68
2007	1.66	0.08	1.74	0.32	0.79	2.85
2008	1.62	0.05	1.67	0.26	0.93	2.86
2009	1.65	0.06	1.71	0.32	0.85	2.88
2010	1.66	0.07	1.73	0.34	0.78	2.85
2011	1.71	0.08	1.79	0.34	0.77	2.90
2012	1.72	0.07	1.79	0.34	0.75	2.88
2013	1.73	0.07	1.80	0.34	0.75	2.89

Sources: Municipal Tax Collector

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

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

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

* Revalued/Reassessed

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS,
 BY CONSTITUENT DISTRICT-TOWNSHIP OF INDEPENDENCE
 CURRENT YEAR AND NINE YEARS AGO
 (UNAUDITED)

	2013			2004		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Towpath Associates LLC	\$ 12,100,000	1	1.76%	\$ 12,900,000	1	3.84%
Extra Space Properties Two LLC	4,900,000	2	0.71%			
Axar Properties LLC C/O Cervelli Saloga, LP	4,124,000	3	0.60%	4,124,000	3	1.23%
NUJA Realty Corp.	1,898,200	4	0.28%			
Individual Tax Payer #1	1,849,100	5	0.27%	1,849,100	4	0.55%
Individual Tax Payer #2	1,623,431	6	0.24%	1,623,431	5	0.48%
Individual Tax Payer #3	1,606,200	7	0.23%			
Individual Tax Payer #4	1,483,354	8	0.22%			
Individual Tax Payer #5	1,314,400	9	0.19%			
Individual Tax Payer #5	1,240,200	10	0.18%			
Exchange Self Storage				5,068,300	2	1.51%
Individual Tax Payer #6				1,491,654	6	0.44%
Individual Tax Payer #7				1,388,900	7	0.41%
Individual Tax Payer #8				1,214,200	8	0.36%
United Telephone				1,141,693	9	0.34%
Individual Tax Payer #9				1,109,000	10	0.33%
	<u>\$ 32,138,885</u>		<u>4.68%</u>	<u>\$ 31,910,278</u>		<u>9.49%</u>

Source: Municipal Tax Assessor

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS,
 BY CONSTITUENT DISTRICT-TOWNSHIP OF LIBERTY
 CURRENT YEAR AND NINE YEARS AGO
 (UNAUDITED)

	2013			2004		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Pryslak Farms	\$ 1,064,600	1	0.39%	\$ 1,740,115	1	0.68%
Individual Property Owner #1	647,900	2	0.24%			
Individual Property Owner #2	566,400	3	0.21%			
Individual Property Owner #3	566,300	4	0.21%			
Individual Property Owner #4	560,300	5	0.21%			
Individual Property Owner #5	540,000	6	0.20%			
Individual Property Owner #6	537,800	7	0.20%			
Individual Property Owner #7	528,200	8	0.19%			
Individual Property Owner #8	525,300	9	0.19%			
Topp Orange LLC	504,500	10	0.19%			
Individual Property Owner #9				1,292,300	2	0.51%
Wooded Valley Estate LLC				1,177,700	3	0.46%
Individual Property Owner #10				1,024,135	4	0.40%
United Telephone Company of New Jersey				863,966	5	0.34%
John E. Rogers Inc.				815,100	6	0.32%
Individual Property Owner #11				800,810	7	0.31%
Individual Property Owner #12				717,655	8	0.28%
Individual Property Owner #13				672,800	9	0.26%
Individual Property Owner #14				634,665	10	0.25%
	<u>\$ 6,041,300</u>		<u>2.23%</u>	<u>\$ 9,739,246</u>		<u>3.81%</u>

Source: Municipal Tax Assessor

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
BY CONSTITUENT DISTRICT-TOWNSHIP OF INDEPENDENCE
LAST TEN FISCAL YEARS
(UNAUDITED)

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
2003	\$ 10,446,557	\$ 10,193,324	97.58%
2004	11,168,621	10,831,389	96.98%
2005	11,903,873	11,672,756	98.06%
2006	12,772,912	12,495,861	97.83%
2007	13,365,608	13,052,364	97.66%
2008	13,786,448	13,438,127	97.47%
2009	13,807,878	13,365,378	96.80%
2010	13,887,250	13,515,243	97.32%
2011	14,126,483	13,705,983	97.02%
2012	14,590,943	14,104,238	96.66%

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

School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality (a) 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.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
BY CONSTITUENT DISTRICT-TOWNSHIP OF LIBERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
2003	\$ 5,754,922	\$ 5,471,550	95.07%
2004	6,300,199	6,047,779	95.99%
2005	6,797,541	6,388,483	93.98%
2006	7,189,320	6,784,131	94.36%
2007	7,722,621	7,343,868	95.10%
2008	7,753,729	7,302,646	94.18%
2009	7,921,724	7,535,575	95.13%
2010	7,763,076	7,440,263	95.84%
2011	7,921,724	7,535,575	95.13%
2012	7,860,671	7,559,089	96.16%

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

School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality (a) 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.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2004	\$ 9,436,000		\$ 104,791			\$ 9,540,791	3.20%	\$ 1,106
2005	9,015,000					9,015,000	2.93%	1,044
2006	8,700,000					8,700,000	2.74%	1,011
2007	8,320,000					8,320,000	2.45%	967
2008	7,900,000					7,900,000	2.19%	917
2009	7,665,000					7,665,000	2.04%	892
2010	7,365,000					7,365,000	1.99%	856
2011	7,015,000					7,015,000	1.85%	818
2012	6,600,000					6,600,000	1.72%	775
2013	6,160,000					6,160,000	N/A	723

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

- (a) See Exhibit NJ J-21 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- (b) Includes Early Retirement Incentive Plan (ERIP) refunding

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year Ending June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	% of Actual Taxable Value (a) of Property	Per Capita (a)
	General Obligation Bonds	Deductions			
2004	\$ 9,436,000		\$ 9,436,000	1.60%	\$ 1,094
2005	9,015,000		9,015,000	0.96%	1,044
2006	8,700,000		8,700,000	0.91%	1,011
2007	8,320,000		8,320,000	0.87%	967
2008	7,900,000		7,900,000	0.82%	917
2009	7,665,000		7,665,000	0.79%	892
2010	7,365,000		7,365,000	0.76%	856
2011	7,015,000		7,015,000	0.72%	818
2012	6,600,000		6,600,000	0.68%	775
2013	6,160,000		6,160,000	0.64%	723

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

- (a) See Exhibit NJ J-6 for property tax data.
- (b) Population data can be found in Exhibit J-21.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
BY CONSTITUENT DISTRICT-TOWNSHIP OF INDEPENDENCE
AS OF DECEMBER 31, 2012
(UNAUDITED)

	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
GOVERNMENTAL UNIT			
Debt Repaid with Property Taxes:			
Municipality	\$ 2,717,373	100.00	\$ 2,717,373
County General Obligation Debt	17,416,763	5.38	<u>937,180</u>
Subtotal, Overlapping Debt			3,654,553
School District Direct Debt	6,600,000	67.72	<u>4,469,834</u>
Total Direct and Overlapping Debt			<u><u>\$ 8,124,387</u></u>

Sources: Assessed Value Data Used to Estimate Applicable Percentages
Provided by the County Board of Taxation. Debt Outstanding Data
Provided by Each Governmental Unit.

Note: Overlapping Governments are those that Coincide, at least in Part, with the Geographic Boundaries of the District. This Schedule Estimates the Portion of the Outstanding Debt of Those Overlapping Governments that is Borne by the Residents and Businesses of the Municipality. This Process Recognizes that, when Considering the District's Ability to Issue and Repay Long-Term Debt, the Entire Debt Burden Borne by the Residents and Businesses Should be Taken into Account. However this Does Not Imply that Every Taxpayer is a resident, and Therefore Responsible for Repaying the Debt, of Each Overlapping Payment.

(a) For Debt Repaid with Property Taxes, the Percentage of Overlapping Debt Applicable is Estimated Using Taxable Assessed Property Values. Applicable Percentages were Estimated by Determining the Portion of Another Governmental Unit's Taxable Value that is Within the District's Boundaries and Dividing it by Each Unit's Total Taxable Value.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 BY CONSTITUENT DISTRICT-TOWNSHIP OF LIBERTY
 AS OF DECEMBER 31, 2012
 (UNAUDITED)

GOVERNMENTAL UNIT	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Municipality	\$ 278,778	100.00	\$ 278,778
County General Obligation Debt	17,416,763	2.56	<u>446,627</u>
Subtotal, Overlapping Debt			725,405
School District Direct Debt	6,600,000	32.28	<u>2,130,166</u>
Total Direct and Overlapping Debt			<u>\$ 2,855,571</u>

Sources: Assessed Value Data Used to Estimate Applicable Percentages
 Provided by the County Board of Taxation. Debt Outstanding Data
 Provided by Each Governmental Unit.

Note: Overlapping Governments are those that Coincide, at least in Part, with the Geographic Boundaries of the District. This Schedule Estimates the Portion of the Outstanding Debt of Those Overlapping Governments that is Borne by the Residents and Businesses of the Municipality. This Process Recognizes that, when Considering the District's Ability to Issue and Repay Long-Term Debt, the Entire Debt Burden Borne by the Residents and Businesses Should be Taken into Account. However this Does Not Imply that Every Taxpayer is a resident, and Therefore Responsible for Repaying the Debt, of Each Overlapping Payment.

(a) For Debt Repaid with Property Taxes, the Percentage of Overlapping Debt Applicable is Estimated Using Taxable Assessed Property Values. Applicable Percentages were Estimated by Determining the Portion of Another Governmental Unit's Taxable Value that is Within the District's Boundaries and Dividing it by Each Unit's Total Taxable Value.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION,
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Legal Debt Margin Calculation for Fiscal Year 2013

	Equalized Valuation Basis	
		2012 \$ 890,821,924
		2011 964,919,320
		2010 <u>1,005,650,617</u>
		<u>\$ 2,861,391,861</u>
	Average Equalized Valuation of Taxable Property	<u>\$ 953,797,287</u>
	Debt Limit (4.0% of Average Equalization Value)	\$ 38,151,891 (a)
	Total Net Debt Applicable to Limit	<u>6,160,000</u>
	Legal Debt Margin	<u>\$ 31,991,891</u>

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 26,024,589	\$ 33,324,519	\$ 33,661,045	\$ 38,082,775	\$ 41,996,647	\$ 43,988,944	\$ 43,780,841	\$ 42,167,472	\$ 40,268,871	\$ 38,151,891
Total Net Debt Applicable	<u>9,436,000</u>	<u>9,015,000</u>	<u>8,700,000</u>	<u>8,320,000</u>	<u>7,900,000</u>	<u>7,665,000</u>	<u>7,365,000</u>	<u>7,015,000</u>	<u>6,600,000</u>	<u>6,160,000</u>
Legal Debt Margin	<u>\$ 16,588,589</u>	<u>\$ 24,309,519</u>	<u>\$ 24,961,045</u>	<u>\$ 29,762,775</u>	<u>\$ 34,096,647</u>	<u>\$ 36,323,944</u>	<u>\$ 36,415,841</u>	<u>\$ 35,152,472</u>	<u>\$ 33,668,871</u>	<u>\$ 31,991,891</u>
Total Net Debt Applicable to the Limit as a Percent- age of Debt Limit	36.26%	27.05%	25.85%	21.85%	18.81%	17.42%	16.82%	16.64%	16.39%	16.15%

Source: Equalized Valuation Bases were Obtained from the Annual Report of the State of New Jersey,
 Department of Treasury, Division of Taxation

(a) Limit Set by NJSA 18A:24-19

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS
 (UNAUDITED)

CONSTITUENT DISTRICT	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>SCHOOL DISTRICT POPULATION (a)</u>										
Township of Independence	5,728	5,706	5,691	5,678	5,696	5,682	5,661	5,643	5,619	5,619
Township of Liberty	2,899	2,926	2,917	2,922	2,923	2,911	2,942	2,931	2,900	2,900
	<u>8,627</u>	<u>8,632</u>	<u>8,608</u>	<u>8,600</u>	<u>8,619</u>	<u>8,593</u>	<u>8,603</u>	<u>8,574</u>	<u>8,519</u>	<u>8,519</u>
<u>PERSONAL INCOME (b)</u>										
Township of Independence	\$ 203,979,808	\$ 210,796,758	\$ 224,748,972	\$ 237,703,792	\$ 249,638,592	\$ 244,729,422	\$ 250,119,963	\$ 253,585,134	N/A	N/A
Township of Liberty	103,236,289	108,095,218	115,198,164	122,326,608	128,106,321	125,379,681	129,986,386	131,713,278	N/A	N/A
	<u>\$ 307,216,097</u>	<u>\$ 318,891,976</u>	<u>\$ 339,947,136</u>	<u>\$ 360,030,400</u>	<u>\$ 377,744,913</u>	<u>\$ 370,109,103</u>	<u>\$ 380,106,349</u>	<u>\$ 385,298,412</u>	<u>\$ -</u>	<u>\$ -</u>
<u>PER CAPITA PERSONAL INCOME</u>										
County of Warren	<u>\$ 35,611</u>	<u>\$ 36,943</u>	<u>\$ 39,492</u>	<u>\$ 41,864</u>	<u>\$ 43,827</u>	<u>\$ 43,071</u>	<u>\$ 44,183</u>	<u>\$ 44,938</u>	N/A	N/A
<u>UNEMPLOYMENT RATE (c)</u>										
Township of Independence	1.6%	1.3%	1.4%	1.3%	1.8%	3.3%	3.4%	3.1%	3.0%	N/A
Township of Liberty	5.2%	4.5%	4.8%	4.5%	5.9%	10.5%	10.8%	10.0%	9.7%	N/A

- (a) Population Information Provided by the NJ Dept of Labor and Workforce Development
- (b) Personal Income has Been Estimated Based Upon Municipal Population and Per Capita Income Presented for the County of Warren
- (c) Unemployment Data Provided by the NJ Dept of Labor and Workforce Development

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO
 (UNAUDITED)

Employer	2013			2004		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS
 (UNAUDITED)

FUNCTION/PROGRAM	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Instruction:										
Regular	74.0	72.0	77.0	77.0	77.0	77.0	77.0	71.0	65.6	65.6
Special Education	20.0	23.0	21.0	23.0	23.0	23.0	23.0	20.0	17.6	17.6
Support Services:										
Student and Instruction Related Services	13.0	21.0	21.0	22.0	22.0	21.0	21.0	20.0	17.6	23.0
General Administrative Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School Administrative Services	8.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Other Administration Services	1.0		1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Central Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Plant Operations and Maintenance	12.0	13.0	13.0	13.0	13.0	13.0	13.0	12.0	12.0	12.0
Pupil Transportation	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
Total	134.0	141.0	145.0	148.0	148.0	147.0	147.0	136.0	125.8	130.2

Sources: District Personnel Records

N/A: Information not available

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2004	1,038	\$ 15,475,097	\$ 14,909	11.01%	100.0	1 to 10	1,040.0	999.0	-1.89%	96.06%
2005	1,011	16,521,112	16,341	9.61%	95.0	1 to 11	1,004.0	964.0	-3.46%	96.02%
2006	989	17,120,133	17,311	5.93%	80.5	3 to 12	989.0	983.0	-1.49%	99.39%
2007	1,018	17,916,446	17,600	1.67%	86.4	3 to 12	1,005.0	960.0	1.62%	95.52%
2008	956	18,858,941	19,727	12.09%	86.4	3 to 12	955.0	914.0	-4.98%	95.71%
2009	961	19,261,592	20,043	1.60%	86.4	1 to 11	951.0	912.0	-0.42%	95.90%
2010	962	19,474,202	20,243	1.00%	86.4	1 to 11	930.0	892.0	-2.21%	95.91%
2011	904	19,534,525	21,609	6.75%	81.0	1 to 11	888.0	847.0	-4.52%	95.38%
2012	873	19,439,749	22,268	3.05%	85.0	1 to 10	870.7	833.3	-1.95%	95.70%
2013	851	19,446,823	22,852	2.62%	85.0	1 to 10	846.1	809.9	-2.82%	95.70%

Source: District Records

(a) Operating Expenditures Equal Total Expenditures Less Debt Service and Capital Outlay.

(b) Teaching Staff Includes Only Full-Time Equivalents or Certificated Staff.

(c) Average Daily Enrollment and Average Daily Attendance are Obtained from the School Register Summary (SRS).

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS
 (UNAUDITED)

DISTRICT BUILDING	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Elementary</u>										
Liberty School (1972):										
Square Feet	44,769	44,769	44,769	44,769	44,769	44,769	44,769	44,769	44,769	44,769
Capacity (Students)	296	296	296	296	296	296	296	296	296	296
Enrollment	208	248	263	274	243	241	232	297	313	294
Central School (1918):										
Square Feet	36,559	36,559	36,559	36,559	36,559	36,559	36,559	36,559	36,559	36,559
Capacity (Students)	438	438	438	438	438	438	438	438	438	438
Enrollment	320	394	382	377	390	393	396	277	247	233
<u>Middle</u>										
Great Meadows Middle School (1998)										
Square Feet	64,488	64,488	64,488	64,488	64,488	64,488	64,488	64,488	64,488	64,488
Capacity (Students)	564	564	564	564	564	564	564	564	564	564
Enrollment	512	362	359	368	323	327	334	330	313	322
Number of Schools at June 30, 2013:										
Elementary	2									
Middle School	1									

District Facilities Office

Year of Original Construction is shown in Parentheses. Increase in Square Footage and Capacity are the Result of Renovations and Additions. Enrollment is Based on the Annual October District Count.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
(UNAUDITED)

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

	*School Facilities			Total
	Liberty Township School	Independence Central School	Great Meadows Middle School	
2004	\$ 60,304	\$ 34,459	\$ 48,818	\$ 143,581
2005	42,019	61,343	68,245	171,607
2006	36,390	53,024	59,114	148,528
2007	42,427	61,821	68,921	173,169
2008	49,394	71,974	80,240	201,608
2009	43,929	64,011	71,362	179,302
2010	46,866	68,290	76,133	191,289
2011	47,117	68,656	76,541	192,314
2012	64,003	56,370	93,334	213,707
2013	88,513	82,517	74,093	245,123
Total School Facilities	<u>\$ 520,962</u>	<u>\$ 622,465</u>	<u>\$ 716,801</u>	<u>\$ 1,860,228</u>

* School Facilities as Defined Under EFCFA.
(NJAC 6A:26-1.2 and NJAC 6A:26A-1.3)

Source: District Records

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2013
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Commercial Package Policy-NJ School Boards Assoc		
Insurance Group:		
Property-Building Blanket and Contents (Fund Limit)	\$ 400,000,000	\$ 5,000
Comprehensive General Liability	11,000,000	
Comprehensive Auto Liability	11,000,000	
Crime Coverage	50,000	500
School Board Legal Liability-NJ School Boards Assoc		
Insurance Group:		
Directors and Officers Policy	11,000,000	5,000
Workers Compensation-NJ School Boards Assoc		
Insurance Group:		
Employers Liability	2,000,000	
Disease Each Employee	2,000,000	
Disease Policy Limit	2,000,000	
Student Accident Insurance-NJ School Boards Assoc		
Insurance Group through Market Insurance Co:		
Fund Annual Aggregate	5,000,000	25,000
Public Employees' Faithful Performance-Selective		
Insurance:		
Treasurer of School Monies	205,000	
School Board Secretary/Business Administrator	35,000	

Source: District Records

SINGLE AUDIT SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

100 Route 31 North
Washington, NJ 07882 - 1530
Fax # (908) 689-8388
(908) 689-5002

INDEPENDENT AUDITOR'S REPORT

November 18, 2013

Honorable President and
Members of the Board of Education
Great Meadows Regional School District
County of Warren, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, 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 Great Meadows Regional School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements, and have issued our report thereon dated November 18, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board of Education's 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 Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board of Education'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 entity'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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education's financial statements are free from 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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



William M. Colantano, Jr.
Public School Accountant
No. CS 0128

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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INDEPENDENT AUDITOR'S REPORT

November 18, 2013

Honorable President and
Members of the Board of Education
Great Meadows Regional School District
County of Warren, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Great Meadows Regional School District's (the District) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey OMB State Grant Compliance Supplement that could have a direct and material effect on each of the Board of Education's major federal and state programs for the year ended June 30, 2013. The Board of Education's major federal and state programs are identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board of Education'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; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB 04-04. Those standards, OMB Circular A-133 and NJ OMB 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 Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Board of Education 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 year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of The Board of Education 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 Board of Education'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 program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 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 Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 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 of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133
and Expenditures of State Financial Assistance Required by NJ OMB 04-04**

We have audited the financial statements of the District as of and for the year ended June 30, 2013, and have issued our report thereon dated November 18, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 04-04 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



William M. Colantano, Jr.
Public School Accountant
No. CS 0128

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS-SCHEDULE A
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2012	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2013		
											Accounts Receivable	Unearned Revenue	Due to Grantor
US Department of Education Passed Through State Department of Education: Special Revenue Fund:													
NCLB Title I	84.010A	NCLB-178511	\$ 47,410	09/01/2010-08/31/2011	\$ (11,284)		\$ 11,284						
NCLB Title I	84.010A	NCLB-178512	43,785	09/01/2011-08/31/2012	(3,681)	\$ (2,044)	5,725						
NCLB Title I- Carryover	84.010A	NCLB-178512	43,785	09/01/2012-08/31/2013		2,044		\$ 2,044					
NCLB Title I	84.010A	NCLB-178513	35,912	09/01/2012-08/31/2013			19,380	27,980			\$ (16,532)	\$ 7,932	
NCLB Title IIA	84.367A	NCLB-178511	27,861	09/01/2010-08/31/2011	(25,567)		25,567						
NCLB Title IIA- Carryover	84.367A	NCLB-178511	27,861	09/01/2011-08/31/2012	2,246			2,246					
NCLB Title IIA	84.367A	NCLB-178512	25,933	09/01/2011-08/31/2012	9,777	(10,846)	1,069						
NCLB Title IIA- Carryover	84.367A	NCLB-178512	25,933	09/01/2012-08/31/2013		10,846		10,846					
NCLB Title IIA	84.367A	NCLB-178513	21,241	09/01/2012-08/31/2013			11,321	15,552			(9,920)	5,689	
Race to the Top	84.413A	N/A	3,487	09/01/2011-11/30/2015			3,241	3,172			(246)	315	
IDEA Basic	84.027	IDEA-178511	292,068	09/01/2010-08/31/2011	(6,713)		6,713						
IDEA Basic	84.027	IDEA-178512	286,310	09/01/2011-08/31/2012	(34,672)		37,185	2,513					
IDEA Basic	84.027	IDEA-178513	281,154	09/01/2012-08/31/2013			187,528	281,154			(93,626)		
IDEA Preschool	84.173	IDEA-178513	6,277	09/01/2012-08/31/2013			3,172	6,277			(3,105)		
ARRA IDEA Basic	84.391	ARRA-178510	151,927	07/01/2009-08/31/2011	3,201								\$ 3,201
Total Special Revenue Fund					(66,693)	-	312,185	351,784	\$ -	\$ -	(123,429)	13,936	\$ 3,201
US Department of Agriculture Passed Through State Department of Agriculture: Enterprise Fund:													
Food Donation Program	10.555	N/A	17,024	07/01/2011-06/30/2012	1,945			1,945					
Food Donation Program	10.555	N/A	16,219	07/01/2012-06/30/2013			16,219	13,129				3,090	
National School Lunch Program	10.555	N/A	45,306	07/01/2011-06/30/2012	(2,347)		2,347						
National School Lunch Program	10.555	N/A	41,197	07/01/2012-06/30/2013			38,170	41,197			(3,027)		
Special Milk Program	10.556	N/A	1,076	07/01/2011-06/30/2012	(43)		43						
Total Enterprise Fund					(445)	-	56,779	56,271	\$ -	\$ -	(3,027)	3,090	-
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ (67,138)	\$ -	\$ 368,964	\$ 408,055	\$ -	\$ -	\$ (126,456)	\$ 17,026	\$ 3,201

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE-SCHEDULE B
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2012		Cash Received	Budgetary Expenditure	Adjustment	Balance at June 30, 2013			Memo		
				Unearned Revenue (Accts Rec.)	Due to Grantor				Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure	
State Department of Education														
General Fund:														
Equalization Aid	13-495-034	\$ 4,579,836	07/01/2012-											
	-5120-078		06/30/2013			\$ 4,579,836	\$ 4,579,836					\$ 454,858	\$ 4,579,836	
Categorical Special Education Aid	13-495-034	755,284	07/01/2012-											
	-5120-089		06/30/2013			755,284	755,284					75,013	755,284	
Categorical Transportation Aid	13-495-034	309,776	07/01/2012-											
	-5120-014		06/30/2013			309,776	309,776					30,766	309,776	
Categorical Security Aid	13-495-034	103,459	07/01/2012-											
	-5120-084		06/30/2013			103,459	103,459					10,276	103,459	
Adjustment Aid	13-495-034	49,689	07/01/2012-											
	-5120-085		06/30/2013			49,689	49,689					4,935	49,689	
Extraordinary Special Education Costs Aid	12-100-034	25,463	07/01/2011-											
	-5120-473		06/30/2012	\$ (25,463)		25,463							25,463	
Extraordinary Special Education Costs Aid	13-100-034	50,085	07/01/2012-											
	-5120-473		06/30/2013				50,085		\$ (50,085)				50,085	
Non-public Remote Transportation Aid	12-495-034	12,381	07/01/2011-											
	-5120-014		06/30/2012	(12,372)		12,372							12,381	
Non-public Remote Transportation Aid	13-495-034	13,866	07/01/2012-											
	-5120-014		06/30/2013				13,866		(13,866)				13,866	
Reimbursed TPAF Social Security Contribution	13-495-034	448,642	07/01/2012-											
	-5095-002		06/30/2013			406,736	448,642		(41,906)				448,642	
On-Behalf TPAF Pension Contribution-Post Retirement Medical	13-495-034	433,710	07/01/2012-											
	-5095-001		06/30/2013			433,710	433,710						433,710	
On-Behalf TPAF Pension Contribution-Non Contributory Group Insurance	13-495-034	19,172	07/01/2012-											
	-5095-007		06/30/2013			19,172	19,172						19,172	
On-Behalf TPAF Pension Contribution-Normal Cost and Accrued Liability	13-495-034	364,389	07/01/2012-											
	-5095-006		06/30/2013			364,389	364,389						364,389	
Total General Fund				(37,835)	\$ -	7,059,886	7,127,908	\$ -	(105,857)	\$ -	\$ -	575,848	7,165,752	
Debt Service Fund														
Debt Service Aid-State Support	13-495-034	185,111	07/01/2012-											
	-5120-017		06/30/2013	-	-	185,111	185,111	-	-	-	-	-	185,111	
NJ School Development Authority														
Capital Projects Fund														
Asbestos Ceiling Replacement at Liberty School	1785-060-09-1002	56,140	07/01/2009-											
			06/30/2010	(56,140)		56,140							56,140	
Total Capital Projects Fund				(56,140)	-	56,140	-	-	-	-	-	-	56,140	
State Department of Agriculture														
Enterprise Fund:														
State School Lunch Program	12-100-010	2,849	07/01/2011-											
	-3350-023		06/30/2012	(138)		138							2,849	
State School Lunch Program	13-100-010	2,344	07/01/2012-											
	-3350-023		06/30/2013			2,040	2,344		(304)				2,344	
Total Enterprise Fund				(138)	-	2,178	2,344	-	(304)	-	-	-	5,193	
TOTAL STATE FINANCIAL ASSISTANCE				\$ (94,113)	\$ -	\$ 7,303,315	\$ 7,315,363	\$ -	\$ (106,161)	\$ -	\$ -	\$ 575,848	\$ 7,412,196	

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2013

NOTE 1. GENERAL

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Great Meadows Regional School District. The Board of Education is defined in Note 1 (A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the schedule of federal financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of financial assistance are presented using 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 Notes 1 (C) and 1 (D) to the Board's general-purpose financial statements.

NOTE 3. RELATIONSHIP OF FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to PL 2004, Ch 97 (A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferred and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$7,850 for the general fund and, \$-0- for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	<u>Local</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund			\$ 7,135,758	\$ 7,135,758
Special Revenue Fund	\$ 2,879	\$ 351,784		354,663
Debt Service Fund			185,111	185,111
Food Service Fund		56,271	2,344	58,615
	<u>\$ 2,879</u>	<u>\$ 408,055</u>	<u>\$ 7,323,213</u>	<u>\$ 7,734,147</u>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2013
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2013. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2013.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control Over Financial Reporting:

1. Material weakness(es) identified? Yes X No

2. Reportable conditions identified
that are not considered to be material
weaknesses? Yes X No

Noncompliance Material to General Purpose
Financial Statements Noted? Yes X No

Federal Awards

Internal Control Over Major Programs:

1. Material weakness(es) identified? Yes No

2. Reportable conditions identified
that are not considered to be material
weaknesses? Yes No

Type of Auditor's Report Issued on Compliance
for Major Programs? NOT APPLICABLE

Any Audit Findings Disclosed that are Required
to be Reported in Accordance with Section .510
(a) of Circular A-133 Yes No

Identification of Major Programs:

 CFDA Numbers Amount Name of Federal Program

NOT APPLICABLE

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

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Federal Awards (Cont'd) NOT APPLICABLE

Dollar Threshold used to Distinguish Between
Type A and Type B Programs: _____

Auditee qualified as a low-risk auditee Yes No

State Awards

Dollar Threshold used to Distinguish Between
Type A and Type B Programs: \$300,000

Auditee Qualified as low-risk auditee Yes X No

Type of Auditor's Report Issued on Compliance
for Major Programs: Unmodified

Internal Control Over Major Programs:

1. Material weakness(es) identified? Yes X No

2. Reportable conditions identified
that are not considered to be material
weaknesses? Yes X No

Any Audit Findings Disclosed That are Required
to be Reported in Accordance with NJ OMB
Circular Letter 04-04? Yes X No

Identification of Major Programs:

<u>GMIS Numbers</u>	<u>Amount</u>	<u>Name of State Program</u>
13-495-034-5095-002	\$ 448,642	Reimbursed TPAF Social Security Contributions
13-495-034-5120-014	309,776	Categorical Transportation Aid
13-495-034-5120-017	185,111	Debt Service Aid-State Support
13-495-034-5120-078	4,579,836	Equalization Aid
13-495-034-5120-084	103,459	Categorical Security Aid
13-495-034-5120-089	755,284	Categorical Special Education Aid

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2013.

SECTION III-FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs for the year ended June 30, 2013.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

K-7

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior year findings or questioned costs.