

SCHOOL DISTRICT
OF
BLAIRSTOWN TOWNSHIP

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

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2015

Comprehensive Annual

Financial Report

of the

Blairstown Township School District

Board of Education

Blairstown, New Jersey

For the Fiscal Year Ending June 30, 2015

Prepared by

Blairstown Township School District

Board of Education

Finance Department

OUTLINE OF CAFR

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Introductory Section

Blairstown Board of Education

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

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

November 16, 2015

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

Dear Board Members:

The comprehensive annual financial report of the Blairstown School District (District) for the fiscal year ended June 30, 2015 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels Pre-Kindergarten through Six and operates a full spectrum program for children with disabilities. These services include regular, as well as special education, for handicapped youngsters. The District completed the 2014-2015 fiscal year with an average enrollment of 542 students. The following details the changes in the student enrollment of the District over the last five years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2008-2009	734	-3.7%
2009-2010	632	-13.9%
2010-2011	634	+0.3%
2011-2012	604	-4.7%
2012-2013	554	-8.2%
2013-2014	531	-4.3%
2014-2015	542	+2%

2) ECONOMIC CONDITION AND OUTLOOK: Enrollment has been decreasing over the last several years, as outlined above. Annual reductions in state aid are a concern for the future of this district, particularly if enrollment increases with the 2% cap in mind.

3) MAJOR INITIATIVES: Blairstown Elementary School will continue to improve Language Arts practices and implement a new Mathematics program in the 2015-2016 school year. Previous years have focused on implementing Guided Reading and Writer's Workshop through the Units of Study program by Fountas & Pennell. This year, phonics and word study will be addressed in Grades K-2. All teachers in those grades will be provided with materials and training in order to successfully implement the program.

The new Math program, Go Math, was adopted after a year-long, extensive evaluation process of a number of math programs. All staff members have received their materials, and training occurred on August 24th and September 2nd. Training was provided by the publisher, Houghton Mifflin Harcourt.

The Next Generation Science Standards will be implemented in Grades K-6. Teachers aligned the curriculum to the new standards, and new materials were purchased from the district-approved publisher, FOSS. Training took place on August 27th for all teachers in Grades 3-6 and teachers in Grades K-2 already received their training last year.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2015.

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

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

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

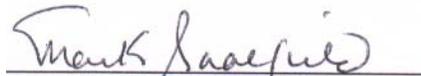
9) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

10) OTHER INFORMATION:

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

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

Respectfully submitted,



Mark Saalfeld
Superintendent

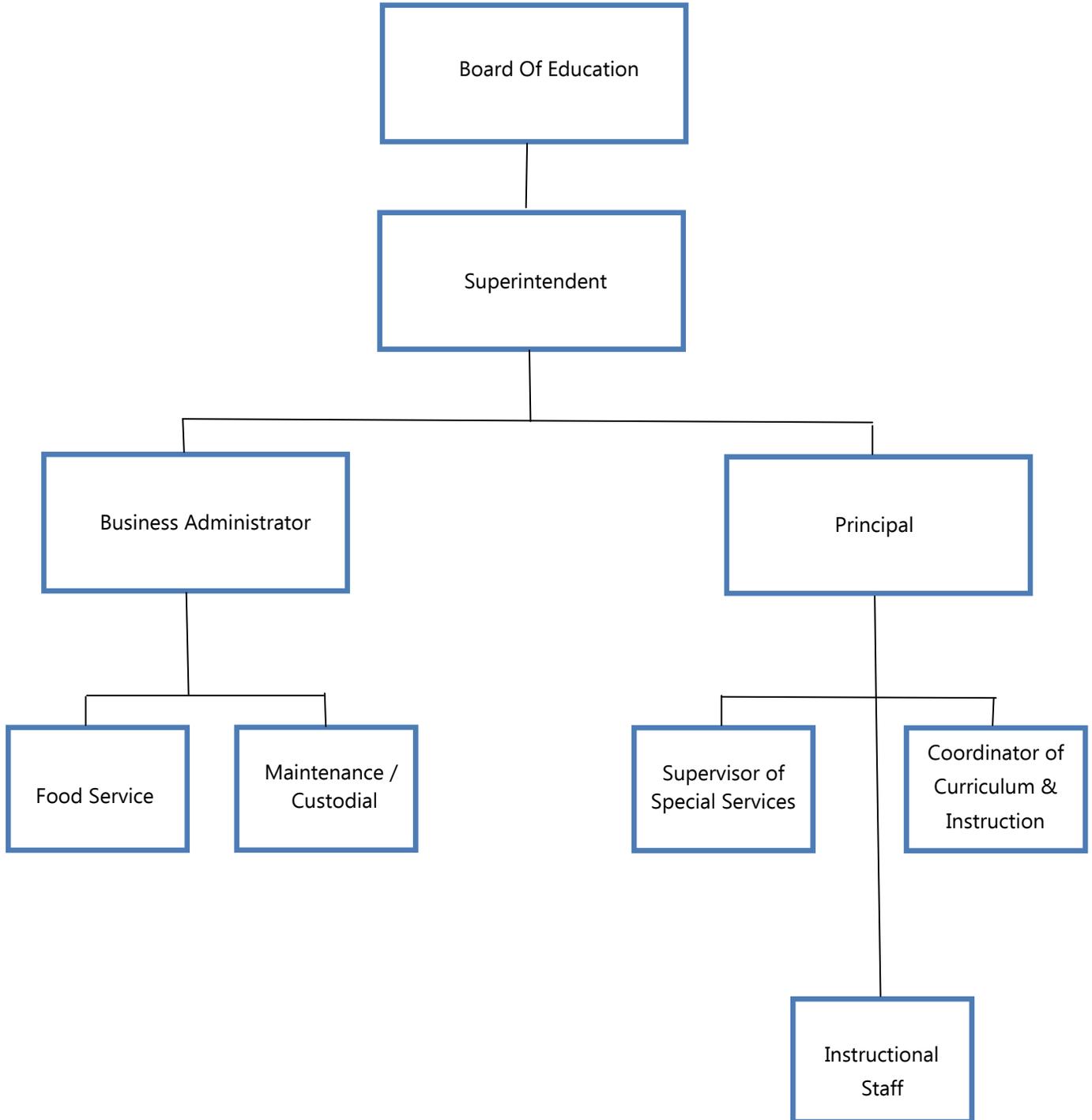


Molly Petty
School Business Administrator

BLAIRSTOWN ELEMENTARY SCHOOL

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

ORGANIZATIONAL CHART



**BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

JUNE 30, 2015

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Dirk Herrmann, President	2017
Margaret McLain, Vice-President	2016
Kelly Hadden	2015
Leslie Ruben	2015
John Karolchyk	2016
Lauren Glory	2015
Shelly Mantegna	2015
Jeremy Cook	2017
Jessica Wood-Rosso	2018

Other Officials

Mark Saalfield, Superintendent

Bruce Leal, Principal

Molly P. Petty, Business Administrator/Board Secretary

Georgette Range, Treasurer

**BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

ARCHITECT

Design Resources Group
371 Hoes Lane
Piscataway, NJ 08854

AUDIT FIRM

Ardito & Co., LLP
Anthony Ardito
1110 Harrison Street, Suite C
Frenchtown, NJ 08825

ATTORNEY

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

OFFICIAL DEPOSITORY

First Hope Bank
P.O. Box 296
Hope, NJ 07844

Financial Section

Independent Auditor's Report



ARDITO & Co., LLP

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Anthony Ardito, CPA, RMA, CMFO, PSA
Douglas R. Williams, CPA, RMA, PSA

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the Blairstown Township School District Board of Education, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

-Continued-

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 that 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, business-type activities, each major fund, and the aggregate remaining fund information of the Blairstown Township School District Board of Education, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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, budgetary comparison information, and pension trend information as 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 Blairstown Township School District Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules, statistical section, and schedule of state financial assistance, as required by New Jersey OMB's circulars 04-04 and 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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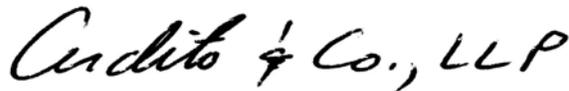
The combining and individual fund financial statement information, long-term debt schedules, and the schedule of state financial assistance, as required by New Jersey OMB's Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund financial statement information, long-term debt schedules, and schedule of state financial assistance, as required by New Jersey OMB's circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2015, on our consideration of the Blairstown Township School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



ARDITO & CO., LLP
November 16, 2015



Licensed Public School Accountant No. 2369

**Required Supplementary Information -
Part I**

Management's Discussion and Analysis

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

The discussion and analysis of Blairstown Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- ◆ In total, Net Position increased \$315,503 which represents a 22.5% increase from 2014.
- ◆ General revenues accounted for \$6,708,828 in revenue or 59.8% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$4,431,668 or 40.2% of total revenues of \$11,140,496.
- ◆ Total assets of governmental activities increased by \$437,835, as cash and cash equivalents increased by \$221,990, receivables increased by \$24,214, and capital assets increased by \$192,382.
- ◆ The School District had \$10,824,993 in expenses; only \$4,431,668 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$6,708,828 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$9,683,532 in revenues and \$9,334,704 in expenditures. The General Fund's surplus balance increased \$333,527 over 2014, which compares favorably to the budgeted decrease of \$385,000.

Using this Generally Accepted Accounting Principals Report (GAAP)

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

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- Governmental activities--All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity--This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 11. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, and Capital Projects Fund.

Governmental Funds

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

The School District as a Whole

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

Table 1 provides a summary of the School District's Net Position for 2015 compared to 2014.

	<u>2015</u>	<u>2014</u>
Assets		
Current and Other Assets	\$ 1,199,129	\$ 953,676
Capital Assets	<u>2,164,362</u>	<u>1,971,980</u>
Total Assets	<u>3,363,491</u>	<u>2,925,656</u>
Deferred Outflows of Resources	<u>128,934</u>	<u>62,175</u>
Liabilities		
Long-Term Liabilities	1,662,138	1,514,515
Other Liabilities	<u>29,738</u>	<u>72,378</u>
Total Liabilities	<u>1,691,876</u>	<u>1,586,893</u>
Deferred Inflows of Resources	<u>84,108</u>	<u>-</u>
Net Position		
Invested in Capital Assets, Net of Debt	2,164,362	1,971,980
Restricted	701,353	617,148
Unrestricted	<u>(1,149,274)</u>	<u>(1,188,190)</u>
Total Net Position	<u>\$ 1,716,441</u>	<u>\$ 1,400,938</u>

Total assets of governmental activities increased by \$437,835, as cash and cash equivalents increased by \$221,990, receivables increased by \$24,214, and capital assets increased by \$192,382.

The cash increase was mainly due to operational efficiency towards budget, net of capital addition spending, and the increase in capital assets was due to capital outlay (fund 12) and capital fund (fund 30) spending for door replacement and other various building improvements and equipment acquisitions.

Table 2 shows the changes in Net Position from fiscal year 2014.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

Table 2
Changes in Net Position

	<u>2015</u>	<u>2014</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 131,008	\$ 83,494
Operating Grants and Contributions	4,300,660	3,011,652
General Revenues:		
Property Taxes	6,618,000	6,489,000
Federal & State Aid on Capital Asset Projects	51,321	
Investment Earnings	4,766	4,007
Other	<u>34,741</u>	<u>136,766</u>
Total Revenues	<u>11,140,496</u>	<u>9,724,919</u>
 Program Expenses		
Instruction	5,904,756	4,988,760
Support Services:		
Tuition	125,854	54,276
Pupils and Instructional Staff	1,761,178	1,561,155
General Administration, School Administration, Business	982,616	896,115
Operations and Maintenance of Facilities	1,053,076	1,048,296
Pupil Transportation	753,359	693,633
Business-Type Activities	95,210	97,444
Interest and Fiscal Charges	<u>148,944</u>	<u>94,735</u>
Total Expenses	<u>10,824,993</u>	<u>9,434,414</u>
 Increase in Net Position	 <u>\$ 315,503</u>	 <u>\$ 290,505</u>

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
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 59.4% percent of revenues for governmental activities for the Blairstown Township School District for the fiscal year 2015.

Instruction comprises 54.5% of district expenses. Support services expenses make up 43.2% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2014. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>	<u>Total Cost of Services 2014</u>	<u>Net Cost of Services 2014</u>
Instruction	\$ 5,904,756	\$ 3,391,590	\$ 4,988,760	\$3,292,883
Support Services:				
Tuition	125,854	77,864	54,276	37,981
Pupils and Instructional Staff	1,761,178	1,061,977	1,561,155	1,070,937
General Admin., School Admin., Business	982,616	607,932	896,115	627,068
Operation and Maintenance of Facilities	1,053,076	651,525	1,048,296	733,560
Pupil Transportation	753,359	466,093	693,633	485,379
Business-Type Activities	95,210	(12,600)	97,444	(3,275)
Interest and Fiscal Charges	<u>148,944</u>	<u>148,944</u>	<u>94,735</u>	<u>94,735</u>
Total Expenses	<u>\$ 10,824,993</u>	<u>\$ 6,393,325</u>	<u>\$ 9,434,414</u>	<u>\$ 6,339,268</u>

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

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

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

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

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

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

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

The dependence upon tax revenues is apparent. Over 57.4% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 61.3%. The community, as a whole, is the primary support for the Blairstown Township School District.

The School District's Funds

Information about the School District's major funds starts on page 11. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$10,024,102 and expenditures of \$9,752,357. The General Fund's surplus balance increased \$333,527 over 2014, which compares favorably to the budgeted decrease of \$385,000.

General Fund Budgeting Highlights

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

During the course of the fiscal 2015 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$8,835,593, \$155,593 over original budgeted estimates of \$8,680,000. This difference was due primarily to an increases in tuition based programs and federal impact aid.

General fund revenues exceeded expenditures by \$330,407. Again this surplus compares to a budgeted deficit of \$385,000, which was due to the budgeted use of surplus and capital reserve withdrawal needed to balance the 2014-2015 budget. The budgeted deficit was reduced due revenue increases and cost savings in the areas of instruction and maintenance.

Overall general fund balance (budget basis) was \$1,333,545, and amounts ear-marked and reserved for future purposes were \$1,087,700, creating a surplus in unreserved fund balance of \$245,845. Management believes unreserved fund balance at statutory levels will provide adequate working capital for the district.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

Capital Assets

At the end of the fiscal year 2015, the School District had \$2,160,655 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2015 balances compared to 2014.

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

	<u>2015</u>	<u>2014</u>
Land	\$ 500,000	\$ 500,000
Land Improvements	4,882	12,674
Buildings and Improvements	1,518,342	1,286,938
Machinery and Equipment	<u>137,431</u>	<u>164,954</u>
 Totals	 <u>\$ 2,160,655</u>	 <u>\$ 1,964,566</u>

Overall capital assets increased \$196,089 from fiscal year 2014 to fiscal year 2015. The increase in capital assets was due to capital additions, net of depreciation expense for the year.

Capital improvements of \$359,520 were purchased during fiscal year 2015.

Debt Administration

At June 30, 2015, the School District had \$250,800 as outstanding long term debt. Of this amount, \$250,800 is for compensated absences.

At June 30, 2015, the School District's overall legal debt margin was \$22,810,083 and the unvoted debt margin was the same.

For the Future

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

Contacting the School District's Financial Management

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

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net 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.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION
JUNE 30, 2015

	GOVERNMENTAL BUSINESS-TYPE		
	ACTIVITIES	ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 1,075,434	\$ 23,166	\$ 1,098,600
Receivables, Net	86,665	3,302	89,967
Interfund Receivables	883	7,753	8,636
Inventory		1,926	1,926
Capital Assets, Net (Note 6):	2,160,655	3,707	2,164,362
Total Assets	3,323,637	39,854	3,363,491
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows		128,934	128,934
LIABILITIES			
Accounts Payable	9,193	6,327	15,520
Interfund Payables	7,753		7,753
Unearned Revenue	5,579	886	6,465
Net Pension Liability (Note 8)	1,411,338		1,411,338
Noncurrent Liabilities (Note 7):			
Due Beyond One Year	250,800		250,800
Total Liabilities	1,684,663	7,213	1,691,876
DEFERRED INFLOWS OF RESOURCES			
Pension Deferred Inflows		84,108	84,108
NET POSITION			
Invested in Capital Assets, Net of Related Debt	2,160,655	3,707	2,164,362
Restricted for:			
Other Purposes	701,353		701,353
Unrestricted	(1,178,208)	28,934	(1,149,274)
Total Net Position	\$ 1,683,800	\$ 32,641	\$ 1,716,441

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	PROGRAM REVENUES				NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR	OPERATING	CAPITAL	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
		SERVICES	GRANTS AND CONTRIBUTIONS	GRANTS AND CONTRIBUTIONS			
Governmental Activities:							
Instruction:							
Regular	\$ 4,129,910	\$ 26,065	\$ 1,810,330		\$ (2,293,515)		\$ (2,293,515)
Special Education	1,405,663	8,872	527,125		(869,666)		(869,666)
Other Special Instruction	369,183	2,330	138,444		(228,409)		(228,409)
Support Services:							
Tuition	125,854	794	47,196		(77,864)		(77,864)
Student & Instruction Related Services	1,761,178	11,116	688,085		(1,061,977)		(1,061,977)
School Administrative Services	234,315	1,479	87,868		(144,968)		(144,968)
General and Business Admin. Services	748,301	4,723	280,614		(462,964)		(462,964)
Plant Operations and Maintenance	1,053,076	6,646	394,905		(651,525)		(651,525)
Pupil Transportation	753,359	4,755	282,511		(466,093)		(466,093)
Other Fiscal Charges	1,127				(1,127)		(1,127)
Unallocated Depreciation	147,817				(147,817)		(147,817)
Total Governmental Activities	10,729,783	66,780	4,257,078		(6,405,925)		(6,405,925)
Business-Type Activities:							
Food Service	95,210	64,228	43,582			\$ 12,600	12,600
Total Business-Type Activities	95,210	64,228	43,582	-		12,600	12,600
Total Primary Government	\$ 10,824,993	\$ 131,008	\$ 4,300,660	\$ -	\$ (6,405,925)	\$ 12,600	\$ (6,393,325)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					\$ 6,618,000		\$ 6,618,000
Federal and State Aid for Capital Asset Projects					51,321		51,321
Investment Earnings					4,725	\$ 41	4,766
Miscellaneous Income					34,741		34,741
Total General Revenues, Special Items, Extraor. Items & Transfers					6,708,787	41	6,708,828
Change in Net Position					302,862	12,641	315,503
Net Position—Beginning (as restated)					1,380,938	20,000	1,400,938
Net Position—Ending					\$ 1,683,800	\$ 32,641	\$ 1,716,441

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

FUND FINANCIAL STATEMENTS

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,069,855	\$ 5,579		\$ 1,075,434
Interfund Receivable	52,244			52,244
Receivables from Other Governments	35,304		\$ 51,361	86,665
TOTAL ASSETS	\$ 1,157,403	\$ 5,579	\$ 51,361	\$ 1,214,343
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 9,193			\$ 9,193
Interfund Payable	7,753		\$ 51,361	59,114
Deferred Revenue		\$ 5,579		5,579
Total Liabilities	16,946	5,579	51,361	73,886
Fund Balances:				
<u>Restricted for:</u>				
Capital Reserve	476,353			476,353
Excess Surplus	-			-
Excess Surplus-Design. For Subseq. Yrs Expend.	169,367			169,367
<u>Assigned to:</u>				
Year-End Encumbrances	386,347			386,347
General Fund-Designated for Subsequent Year's Expend.	55,633			55,633
Capital Fund - Undesignated			-	-
<u>Unassigned:</u>				
General Fund - Undesignated	52,757			52,757
Total Fund Balances	1,140,457		-	1,140,457
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,157,403	\$ 5,579	\$ 51,361	\$ 1,214,343

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$3,974,665 and the accumulated depreciation is \$1,814,010 (see Note 6).

\$ 2,160,655

Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 8)

128,934

Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 8)

(84,108)

Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 8)

(1,411,338)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7).

(250,800)

Net Position of governmental activities

\$ 1,683,800

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
Local Tax Levy	\$ 6,618,000			\$ 6,618,000
Tuition	66,780			66,780
Miscellaneous	39,466			39,466
Total - Local Sources	6,724,246	-		6,724,246
State Sources	2,848,625		51,321	2,899,946
Federal Sources	110,661	\$ 289,249		399,910
Total Revenues	9,683,532	289,249	51,321	10,024,102
EXPENDITURES				
Current:				
Regular Instruction	2,456,477	261,608		2,718,085
Special Education Instruction	926,342			926,342
Other Special Instruction	243,294			243,294
Support services and undistributed costs:				
Tuition	82,939			82,939
Student and Instruction Related Services	1,132,988	27,641		1,160,629
School Administrative Services	154,415			154,415
Other Administrative Services	447,082			447,082
Plant Operations and Maintenance	692,337			692,337
Pupil Transportation	490,799			490,799
Unallocated Benefits	2,061,356			2,061,356
Charter School	373,117			373,117
Capital Outlay	273,558		\$ 128,404	401,962
Total Expenditures	9,334,704	289,249	128,404	9,752,357
Excess (Deficiency) of Revenues Over Expenditures	348,828		(77,083)	271,745
OTHER FINANCING SOURCES (USES)				
Transfers to Capital Projects Fund	(15,301)		15,301	
Total Other Financing Sources and Uses	(15,301)		15,301	
Net Change in Fund Balances	333,527	-	(61,782)	271,745
Fund Balance—July 1	806,930		\$ 61,782	868,712
Fund Balance—June 30	\$ 1,140,457		-	\$ 1,140,457

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit B-3

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 271,745

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation Expense	\$ (163,431)	
Capital Outlays	<u>359,520</u>	196,089

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.

(3,987)

In the statement of activities, compensated absences is accrued regardless of when paid. In the governmental funds, compensated absences are reported when paid. This is the amount by which the current year's compensated absence payments exceed the current year's amount earned.

(160,985)

Change in Net Position of Governmental Activities **\$ 302,862**

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET POSITION
 PROPRIETARY FUNDS

JUNE 30, 2015

		Business-Type Activities- Enterprise Funds	
		Food Service	Totals
ASSETS			
Current assets:			
Cash and Cash Equivalents	\$	23,166	\$ 23,166
Accounts Receivable		3,302	3,302
Interfund Receivables		7,753	7,753
Inventories		1,926	1,926
Total Current Assets		36,147	36,147
Noncurrent Assets:			
Furniture, Machinery and Equipment		74,448	74,448
Less Accumulated Depreciation		(70,741)	(70,741)
Total Noncurrent Assets		3,707	3,707
		39,854	39,854
LIABILITIES			
Current liabilities:			
Accounts Payable		6,327	6,327
Deferred Revenue		886	886
Total Current Liabilities		7,213	7,213
		7,213	7,213
NET POSITION			
Invested in Capital Assets Net of Related Debt		3,707	3,707
Unrestricted		28,934	28,934
Total Net Position	\$	32,641	\$ 32,641

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit B-5

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities- Enterprise Fund	
	Food Service	Total Enterprise
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 59,445	\$ 59,445
Daily Sales - Non-Reimb. Programs	3,101	3,101
Miscellaneous	1,682	1,682
Total Operating Revenues	64,228	64,228
 Operating Expenses:		
Cost of Sales	49,908	49,908
Salaries	25,064	25,064
Employee Benefits	6,578	6,578
Other Purchased Professional Services	7,213	7,213
Miscellaneous	2,740	2,740
Depreciation	3,707	3,707
Total Operating Expenses	95,210	95,210
 Operating Income (Loss)	 (30,982)	 (30,982)
 Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	1,255	1,255
Federal Sources:		
National School Lunch Program	34,831	34,831
Food Distribution Program	7,496	7,496
Interest Income	41	41
Total Nonoperating Revenues (Expenses)	43,623	43,623
 Income (Loss)	 12,641	 12,641
 Change in Net Position	 12,641	 12,641
 Total Net Position—Beginning	 20,000	 20,000
Total Net Position—Ending	\$ 32,641	\$ 32,641

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit B-6

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended June 30, 2015

	Business-Type Activities- Enterprise Funds	
	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 64,227	\$ 64,227
Payments to Employees	(25,064)	(25,064)
Payments for Employee Benefits	(6,578)	(6,578)
Payments to Suppliers	(49,632)	(49,632)
Net Cash Provided by (used for) Operating Activities	(17,047)	(17,047)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	1,140	1,140
Federal Sources	29,103	29,103
Interest Income	41	41
Net Cash Provided by (used for) Non-Capital Financing Activities	30,284	30,284
Net Increase (Decrease) in Cash and Cash Equivalents	13,237	13,237
Balances—Beginning of Year	9,929	9,929
Balances—End of Year	\$ 23,166	\$ 23,166
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	\$ (30,982)	\$ (30,982)
Depreciation	3,707	3,707
Provided by (used for) Operating Activities:		
Federal Commodities	7,496	7,496
(Increase) Decrease in Accounts Receivable	2,469	2,469
(Increase) Decrease in Inventories	751	751
Increase (Decrease) in Accounts Payable	(488)	(488)
Total Adjustments	13,935	13,935
Net Cash Provided by (used for) Operating Activities	\$ (17,047)	\$ (17,047)

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit B-7

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

JUNE 30, 2015

	Unemployment Compensation Trust	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 8,910	\$ 92,135
Total Assets	8,910	92,135
LIABILITIES		
Payroll Deductions and Withholdings		2,183
Summer Pay		80,714
Accounts Payable		2,708
Interfund Payable		883
Payable to Student Groups		5,647
Total Liabilities		92,135
NET POSITION		
Held in Trust for Unemployment Claims & Other Purposes	\$ 8,910	-

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

For the Year Ended June 30, 2015

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Contributions:	
Employer	
Plan Member	\$ 8,369
Total Contributions	<u>8,369</u>
Investment Earnings:	
Interest	<u>22</u>
Net Investment Earnings	<u>22</u>
Total Additions	<u>8,391</u>
DEDUCTIONS	
Unemployment Claims	<u>12,084</u>
Total Deductions	<u>12,084</u>
Change in Net Position	(3,693)
Net Position—Beginning of the Year	<u>12,603</u>
Net Position—End of the Year	<u>\$ 8,910</u>

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

Notes to Financial Statements

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, and GAASB No. 68, Accounting for Pensions, and amendment of GASB No. 27. The implementation of these statements effected net position balances as previously reported for the fiscal year ended June 30, 2014 as noted in Note 19.

A. Reporting Entity:

The Blairstown Township School District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-6. The Blairstown Township School District had an approximate enrollment at June 30, 2015, of 542 students.

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

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

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

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

Basis of Presentation

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

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

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

GOVERNMENTAL FUNDS (Continued)

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

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

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

PROPRIETARY FUNDS

The District reports the following proprietary fund:

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the District reports the following fund type:

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

Basis of Accounting

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

District-wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted

upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets/Budgetary Control:

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

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

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

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

D. Encumbrance Accounting:

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

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

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

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

Interfund Transactions:

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

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

Inventories:

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

Allowance for Uncollectible Accounts:

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

Capital Assets:

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

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

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

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

Compensated Absences:

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

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

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

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

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations:

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Net Position:

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

Fund Balance Reserves:

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

Revenues—Exchange and Nonexchange Transactions

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

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

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

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Operating Revenues and Expenses:

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

Allocation of Indirect Expenses:

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

Extraordinary and Special Items:

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

Management Estimates:

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits:

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

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

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

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

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2015, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2015, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents (A-1)</u>	<u>Cash and Cash Equivalents (B-7)</u>	<u>Total</u>
Checking Accounts	\$ 1,098,600	\$ 101,045	\$ 1,199,645
	<u>\$ 1,098,600</u>	<u>\$ 101,045</u>	<u>\$ 1,199,645</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2015, was \$1,199,645 and the bank balance was \$1,387,126. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$1,137,126 was covered by collateral pool.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3: RECEIVABLES

Receivables at June 30, 2015, consisted of intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Government-Wide Financial <u>Statements</u>
State Aid	\$ 86,665	\$ 86,782
Federal Aid	-	3,185
Gross Receivable	<u>\$ 86,665</u>	<u>\$ 89,967</u>
Less: Allow. for Uncollectibles		
Total Receivables, Net	<u><u>\$ 86,665</u></u>	<u><u>\$ 89,967</u></u>

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2015, consisted of the following:

Food	<u>\$1,926</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 5: DEFERRED BOND ISSUANCE COSTS

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 500,000			\$ 500,000
Total Capital Assets Not Being Depreciated	500,000			500,000
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	296,068			296,068
Buildings and Building Improvements	2,438,699	\$ 346,304		2,785,003
Machinery and Equipment	380,378	13,216		393,594
Total at Historical Cost	3,615,145	359,520		3,974,665
Less Accumulated Depreciation for:				
Land Improvements	(283,394)	(7,792)		(291,186)
Building and Improvements	(1,151,761)	(114,900)		(1,266,661)
Equipment	(215,424)	(40,739)		(256,163)
Total Accumulated Depreciation	(1,650,579)	(163,431)		(1,814,010)
	1,964,566	196,089		2,160,655
Government Activity Capital Assets, Net	\$ 1,964,566	\$ 196,089		\$ 2,160,655

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

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 3,557
School Administrative Services	4,739
Plant Operation and Maintenance	1,648
Pupil Transportation	5,670
Unallocated	147,817
Total	<u>\$ 163,431</u>

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 7: LONG-TERM OBLIGATIONS

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

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2015, are as follows:

	Balance			Balance	Amounts
	<u>7/1/14</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/15</u>	<u>Due Within</u>
					<u>One Year</u>
Governmental Activities:					
Other Liabilities:					
Compensated Absences Payable	\$89,815	\$166,885	(\$5,900)	\$250,800	
Total	\$89,815	166,885	(\$5,900)	\$250,800	-

Compensated absences have been liquidated in the General Fund.

As of June 30, 2015, the District had no issued bonds or authorized but not issued bonds.

NOTE 8: PENSION PLANS

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

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, 100% of employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Summary of Significant Accounting Policies - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 8: PENSION PLANS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$22,838,525 as measured on June 30, 2014 and \$20,728,844 as measured on June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$1,228,927 and revenue of \$1,228,927 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2015 is based upon changes in the collective net pension liability with a measurement period of June 30, 2013 through June 30, 2014. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2013 and June 30, 2014.

Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>6/30/2013</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	-	\$2,306,623,861
Collective deferred inflows of resources	-	\$1,763,205,593
Collective net pension liability (Nonemployer-State of New Jersey)	\$50,539,213,484	\$53,446,745,367
State's portion of the net pension liability that was associated with the district	\$20,728,844	\$22,838,525
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.041015%	0.042731%

Actuarial assumptions - The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	2.5%
Salary Increases:	Varies based on experience
Investment Rate of Return:	7.90%

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 8: PENSION PLANS (Continued)

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds / Absolute Ret	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 8: PENSION PLANS (Continued)

Discount rate. The discount rate used to measure the State's total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to project

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. Since the District's has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/pdf/financial/gasb68-tpaf15.pdf>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

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

Summary of Significant Accounting Policies - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District reported a liability of \$1,411,338 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2014 and 2013. At June 30, 2014, the District's proportion was 0.00754% which was an increase of .00008% from its proportion measured as of June 30, 2013.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 8: PENSION PLANS (Continued)

For the year ended June 30, 2015, the District recognized pension expense of \$75,042. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	-	-
Changes of assumptions	\$ 44,380	
Net difference between projected and actual earnings on pension plan investments		\$ 84,108
Changes in proportion and differences between District contributions and proportionate share of contributions	13,499	
District contributions subsequent to the measurement date	71,055	
Total	<u>\$ 128,934</u>	<u>\$ 84,108</u>

\$826,842 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability measured as of June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>
2015	(\$8,496)
2016	(\$8,496)
2017	(\$8,496)
2018	(\$8,496)
2019	\$5,386
Thereafter	<u>\$2,370</u>
Total	<u>(\$26,229)</u>

	<u>6/30/2013</u>	<u>6/30/2014</u>
Collective deferred outflows of resources		- \$952,194,675
Collective deferred inflows of resources		- 1,479,224,662
Collective net pension liability (Non State - Local Group)	\$19,111,986,911	18,722,735,003
District's portion of net pension liability	\$1,424,700	\$1,411,338
District's proportion %	0.00745448%	0.00753810%

Actuarial assumptions. The total pension liability in the July 1, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	3.01%
Salary Increases:	
2012-2012	2.15%-4.40% based on age
Thereafter	3.15%-5.40% based on age
Investment Rate of Return:	7.90%

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 8: PENSION PLANS (Continued)

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30,2011.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds / Absolute	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount rate. The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 8: PENSION PLANS (Continued)

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.
The following presents the District's proportionate share of the net pension liability measured as of June 30, 2014, calculated using the discount rate of 5.39%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39%) or 1-percentage-point higher (6.39%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability	\$ 1,775,511	\$ 1,411,338	\$ 1,105,525

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

Defined Contribution Retirement Plan (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

PERS and TPAF Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 8: PENSION PLANS (Continued)

Significant Legislation - Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

□ New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65. □ The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. □ The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

□ The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law. □ New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary. □ In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) and N.J.S.A. 18:66 (TPAF) requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.5% and the PERS rate is 6.5% of covered payroll.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 8: PENSION PLANS (Continued)

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>
6/30/2015	\$71,055	100 %
6/30/2014	\$63,696	100 %
6/30/2013	\$66,238	100 %

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

<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>
6/30/2015	\$220,384	100 %
6/30/2014	\$259,987	100 %
6/30/2013	\$401,929	100 %

During the fiscal year ended June 30, 2015, the State of New Jersey did contribute \$570,244 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$274,575 during the year ended June 30, 2015, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 9: POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

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

NOTE 10: DEFERRED COMPENSATION

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

American United Life
The Equitable

NOTE 11: COMPENSATED ABSENCES

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

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and upon retirement are reimbursed \$60 per unused sick day accumulated up to a maximum of 200 total unused sick days.

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 11: COMPENSATED ABSENCES (continued)

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2015, no liability existed for compensated absences in the proprietary fund types.

NOTE 12: RISK MANAGEMENT

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

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014-2015	\$22	\$8,369	\$12,084	\$8,910
2013-2014	\$30	\$8,346	\$10,120	\$12,603
2012-2013	\$84	\$8,661	\$30,597	\$14,347

NOTE 13: CONTINGENT LIABILITIES

GRANT PROGRAMS

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

LITIGATION

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

NOTE 14: FUND BALANCE APPROPRIATED

General Fund -(Exhibit B-1) Of the \$1,140,457 General Fund fund balance at June 30, 2015, \$386,347 is reserved for encumbrances; \$169,367 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7, as amended (\$169,367 of the excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2016); \$55,633 has been anticipated as revenue for the year ended June 30, 2016; \$476,353 is reserved for capital reserve, and \$52,757 is unreserved and undesignated.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 15: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2015:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 52,244	\$ 7,753
Capital Projects Fund		51,361
Payroll Agency Fund		883
Food Service Fund	7,753	
Total	<u>\$ 59,997</u>	<u>\$ 59,997</u>

The general fund owes the food service fund for federal and state lunch reimbursements received, but not yet paid over to the food service fund; and the payroll agency owes the general fund for cash advanced in excess of payroll requirements; and the capital projects fund owes the general fund for capital expenditures paid by the general fund in advance of the receipt of SDA capital grants.

NOTE 17: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2015 is zero.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 18: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District Board of Education on June 16, 2015, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning balance June 30, 2015	\$ 222,781
Deposits (PL 2007 c.62 (A1)) - Board Resolution Date: 6/11/15	330,000
Return of Unspent Capital Reserve Funding from Capital Projects Fund	61,742
Budgeted Withdrawals	<u>(138,170)</u>
Ending balance June 30, 2015	<u>\$ 476,353</u>

NOTE 19: RETROACTIVE RESTATEMENT OF NET POSITION

Restatement of Prior Period:

The District adopted GASB No. 68 -*Accounting and Financial Reporting for Pensions - An amendment of GASB No. 27* during the 2015 fiscal year as required by the pronouncement. The pronouncement requires the district to record its proportional share of the State of New Jersey's net pension liability on the face of its financial statements as of June 30, 2015 and to record related pension expense in accordance with the pronouncement. In order to correctly reflect pension expense in accordance with GASB No. 68, the beginning Net Position of the district was adjusted to reflect the beginning balance of the net pension liability. Since the measurement date of the net pension liability is June 30, 2014 (as described in Note 8), the restatement adjustments to Net Position relate to the *beginning* net pension liability measured as of June 30, 2013. Also, in accordance with GASB No. 71 -*Pension Transition for Contributions Made Subsequent to the Measurement Date*, The district restated its Net Position for pension contributions made after the beginning net pension liability measurement date of June 30, 2013 (deferred outflows).

Also, as an ongoing process of maintaining records in accordance with GASB#34, the district conducted a physical appraisal of capital assets as of June 30, 2015. The appraisal revealed asset activity that that should be recorded as of June 30, 2014. Accordingly, a restatement of Net Position as of June 30, 2014 was necessary.

<u>Governmental Activities Net Position:</u>	
Net Position (per A-1), June 30, 2014	\$ 2,603,683
Restatement of Capital Assets	139,780
Restatement of Net Pension Liability	(1,424,700)
Restatement of Deferred Outflows-Pension	<u>62,175</u>
Net Position (per A-1), June 30, 2015, as Restated	<u>\$ 1,380,938</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 6,618,000		\$ 6,618,000	\$ 6,618,000	
Tuition	11,000		11,000	66,780	\$ 55,780
Miscellaneous	77,243		77,243	39,466	(37,777)
Total - Local Sources	6,706,243		6,706,243	6,724,246	18,003
State Sources:					
Equalization Aid	1,333,417		1,333,417	1,333,417	
Transportation Aid	70,649		70,649	70,649	
Special Education Aid	351,956		351,956	351,956	
Security Aid	52,071		52,071	52,071	
Adjustment Aid	115,626		115,626	115,626	
Add'l Adjustment Aid	39,578		39,578	39,578	
PARCC Readiness Aid	5,230		5,230	5,230	
Per Pupil Growth Aid	5,230		5,230	5,230	
Other State Aid				26,929	26,929
TPAF Pension (On-Behalf - Non-Budgeted)				220,384	220,384
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				349,860	349,860
TPAF Social Security (Reimbursed - Non-Budgeted)				274,575	274,575
Total State Sources	1,973,757		1,973,757	2,845,505	871,748
Impact Aid				109,626	109,626
ARRA/SEMI Medical Assistance				1,035	1,035
Total Federal Sources				110,661	110,661
TOTAL REVENUES	8,680,000		8,680,000	9,680,412	1,000,412

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	219,000		219,000	218,447	553
Grades 1-5 - Salaries of Teachers	1,490,000	17,350	1,507,350	1,507,344	6
Grades 6-8 - Salaries of Teachers	353,467	8,750	362,217	362,001	216
Regular Programs - Home Instruction:					
Salaries of Teachers	2,500	(1,150)	1,350	760	590
Purchased Professional - Educational Services	3,500	(3,400)	100		100
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	60,000	(8,750)	51,250	51,246	4
Other Purchased Services (400-500 series)	85,000	(32,100)	52,900	51,512	1,388
General Supplies	265,900	77,210	343,110	265,167	77,943
Textbooks	1,500		1,500		1,500
TOTAL REG. PROGRAMS - INSTRUCTION	2,480,867	57,910	2,538,777	2,456,477	82,300
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of Teachers	226,000	(34,700)	191,300	191,297	3
Other Salaries for Instruction	16,200		16,200	13,720	2,480
General Supplies	2,000	11,300	13,300	11,974	1,326
Textbooks	1,500		1,500		1,500
Total Learning and/or Language Disabilities:	245,700	(23,400)	222,300	216,991	5,309
Resource Room/Resource Center:					
Salaries of Teachers	542,000	20,200	562,200	558,697	3,503
General Supplies	5,000	3,150	8,150	8,067	83
Textbooks	300		300		300
Total Resource Room/Resource Center	547,300	23,350	570,650	566,764	3,886
Preschool Disabilities - Part-Time:					
Salaries of Teachers	35,000	(2,000)	33,000	32,834	166
Other Salaries for Instruction	16,000	2,000	18,000	16,267	1,733
General Supplies	800		800		800
Total Preschool Disabilities - Part-Time	51,800		51,800	49,101	2,699

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Preschool Disabilities - Full-Time:					
Salaries of Teachers	63,000	(1,175)	61,825	60,564	1,261
Other Salaries for Instruction	31,600	950	32,550	32,536	14
General Supplies	800		800	386	414
Total Preschool Disabilities - Full-Time	95,400	(225)	95,175	93,486	1,689
TOTAL SPECIAL ED. - INSTRUCTION	940,200	(275)	939,925	926,342	13,583
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	220,000	(9,000)	211,000	209,709	1,291
General Supplies	500		500	39	461
Textbooks	200		200		200
Total Basic Skills/Remedial - Instruction	220,700	(9,000)	211,700	209,748	1,952
School Sponsored Co/Extra Curricular Activities-Instruction:					
Salaries	32,500	1,050	33,550	33,546	4
Total School Sponsored Co/Extra Curricular Activities-Instr.	32,500	1,050	33,550	33,546	4
TOTAL INSTRUCTION	3,674,267	49,685	3,723,952	3,626,113	97,839
UNDISTRIBUTED EXPENDITURES					
Instruction:					
Tuition to Other LEAs Within the State-Regular		225	225	225	
Tuition to Other LEAs Within the State-Special	4,400		4,400	4,371	29
Tuition to CSSD & Regional Day Schools		10,500	10,500	10,427	73
Tuition to Private Schools for the Disabled - Within State	66,000	1,950	67,950	67,916	34
Total Instruction	70,400	12,675	83,075	82,939	136
Health Services:					
Salaries	95,600	2,250	97,850	97,810	40
Purchased Professional and Technical Services	4,600	(2,150)	2,450	2,292	158
Other Purchased Services (400-500 series)	200		200	85	115
Supplies and Materials	2,000	600	2,600	2,592	8
Total Health Services	102,400	700	103,100	102,779	321

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Other Supp. Services Students-Related Serv.:					
Salaries	129,100	(51,950)	77,150	76,560	590
Purchased Professional - Educational Services	122,000	6,450	128,450	128,434	16
Supplies and Materials	1,800		1,800	1,123	677
Total Other Supp. Serv. Students-Related Serv.	252,900	(45,500)	207,400	206,117	1,283
Other Supp. Services Students-Extra.Services:					
Salaries	257,000	(55,800)	201,200	201,193	7
Purchased Professional - Educational Services	37,500	(9,900)	27,600	27,585	15
Supplies and Materials	500		500		500
Total Other Supp. Services Students-Extra.Services	295,000	(65,700)	229,300	228,778	522
Other Supp. Services Students-Regular:					
Salaries of Other Professional Staff	42,300		42,300	41,730	570
Supplies and Materials	600		600	169	431
Total Other Supp. Services Students-Regular	42,900		42,900	41,899	1,001
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	356,500	(6,100)	350,400	350,394	6
Salaries of Secretarial and Clerical Assistants	32,200		32,200	32,097	103
Purchased Professional - Educational Services	7,000	(1,400)	5,600	3,471	2,129
Supplies and Materials	10,500	(6,602)	3,898	1,783	2,115
Other Objects	500		500	100	400
Total Other Supp. Services Students-Special	406,700	(14,102)	392,598	387,845	4,753
Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	82,000		82,000	81,920	80
Salaries of Other Professional Staff	7,500		7,500	5,100	2,400
Total Improvement of Instruction Services	89,500		89,500	87,020	2,480

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
Educational Media Services/School Library:					
Salaries	57,800		57,800	55,975	1,825
Purchased Professional - Technical Services		425	425	425	
Supplies and Materials	3,000	600	3,600	3,483	117
Total Educational Media Services/School Library	60,800	1,025	61,825	59,883	1,942
Instructional Staff Training Services:					
Salaries of Other Professional Staff	16,000	(10,950)	5,050	3,750	1,300
Purchased Professional - Educational Services	5,000	1,000	6,000	5,800	200
Other Purchased Services (400-500 series)	18,000	(7,650)	10,350	7,422	2,928
Supplies and Materials	1,300	400	1,700	1,695	5
Total Instructional Staff Training Services	40,300	(17,200)	23,100	18,667	4,433
Supp. Services - General Administration:					
Salaries	191,800	5	191,805	191,803	2
Legal Services	10,000	9,395	19,395	19,323	72
Audit Fees	13,800		13,800	13,520	280
Other Purchased Professional Services	5,800	8,000	13,800	13,079	721
Communications/Telephone	20,000	6,100	26,100	25,715	385
Other Purchased Services (400-500 series)	30,000	11,400	41,400	40,115	1,285
General Supplies	7,000		7,000	6,869	131
BOE In-House Training/Meeting Supplies	300		300		300
Miscellaneous Expenditures	2,000		2,000	1,725	275
BOE Membership Dues and Fees	5,400		5,400	4,946	454
Total Supp. Services - General Administration	286,100	34,900	321,000	317,095	3,905

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	121,700		121,700	121,549	151
Salaries of Secretarial and Clerical Assistants	28,000	2,000	30,000	29,940	60
Other Purchased Services (400-500 series)	2,500		2,500	1,000	1,500
Supplies and Materials	500	750	1,250	1,106	144
Other Objects	2,300	(500)	1,800	820	980
Total Support Services - School Administration	155,000	2,250	157,250	154,415	2,835
Central Services:					
Salaries	112,000	3,000	115,000	114,431	569
Purchased Technical Services	17,000	(500)	16,500	12,703	3,797
Miscellaneous Purchased Services (400-500 series)	600	500	1,100	1,034	66
Supplies and Materials	1,000		1,000	642	358
Miscellaneous Expenditures	1,500		1,500	1,177	323
Total Central Services	132,100	3,000	135,100	129,987	5,113
Required Maintenance for School Facilities:					
Salaries	56,400		56,400	49,771	6,629
Cleaning, Repair and Maintenance Services	147,473	341,320	488,793	202,112	286,681
General Supplies	22,000	10,200	32,200	16,663	15,537
Total Required Maintenance for School Facilities	225,873	351,520	577,393	268,546	308,847
Other Operations and Maintenance of Plant:					
Salaries	130,000	(16,577)	113,423	113,183	240
Purchased Professional and Technical Services	14,000	6,427	20,427	20,427	
Cleaning, Repair and Maintenance Services	31,000		31,000	23,669	7,331
Insurance	62,000	1,300	63,300	63,244	56
General Supplies	43,200	400	43,600	43,576	24
Energy (Natural Gas)	3,100		3,100	2,280	820
Energy (Electricity)	82,000	(2,800)	79,200	78,719	481
Energy (Oil)	120,000	(48,300)	71,700	68,172	3,528
Total Other Operations and Maintenance of Plant	485,300	(59,550)	425,750	413,270	12,480

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	7,000		7,000	5,350	1,650
Total Care and Upkeep of Grounds:	<u>7,000</u>		<u>7,000</u>	<u>5,350</u>	<u>1,650</u>
Security:					
General Supplies		5,200	5,200	5,171	29
Total Security		<u>5,200</u>	<u>5,200</u>	<u>5,171</u>	<u>29</u>
Student Transportation Services					
Salaries for Pupil Transpor.(Between Home & School)-Regular	45,433	(6,130)	39,303	37,340	1,963
Salaries for Pupil Transpor.(Between Home & School)-Special	22,300	6,060	28,360	28,355	5
Management Fee - ESC & CTSA Trans. Program	4,000		4,000		4,000
Other Purchased Professional - Technical Services	600		600	100	500
Cleaning, Repair and Maintenance Services	8,000		8,000	5,477	2,523
Contracted Services - Aid in Lieu of Payments-Nonpublic Sch.	21,000		21,000	13,928	7,072
Contracted Services (Between Home and Sch.)-Vendors	335,000	(17,200)	317,800	317,421	379
Contract Services (Other than Between Home & School)-Vendors	16,000	2,000	18,000	14,675	3,325
Contracted Services (Special Education Students)-Vendors	85,000	(15,000)	70,000	69,150	850
Supplies and Materials	8,000		8,000	4,353	3,647
Total Student Transportation Services	<u>545,333</u>	<u>(30,270)</u>	<u>515,063</u>	<u>490,799</u>	<u>24,264</u>
UNALLOCATED BENEFITS					
Social Security Contributions	125,000		125,000	94,190	30,810
Other Retirement Contributions-Regular	93,000		93,000	71,055	21,945
Workmen's Compensation	50,000		50,000	42,018	7,982
Health Benefits	1,116,000	(197,000)	919,000	918,999	1
Tuition Reimbursement	37,000	70	37,070	37,066	4
Other Employee Benefits	70,000		70,000	53,209	16,791
TOTAL UNALLOCATED BENEFITS	<u>1,491,000</u>	<u>(196,930)</u>	<u>1,294,070</u>	<u>1,216,537</u>	<u>77,533</u>

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
On-behalf TPAF pension Contrib. (non-budgeted)				220,384	(220,384)
On-behalf TPAF PRM Contrib. (non-budgeted)				349,860	(349,860)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				274,575	(274,575)
TOTAL ON-BEHALF CONTRIBUTIONS				844,819	(844,819)
TOTAL PERSONAL SERV.-EMPLOYEE BENEFITS	1,491,000	(196,930)	1,294,070	2,061,356	(767,286)
TOTAL UNDISTRIBUTED EXPENDITURES	4,688,606	(17,982)	4,670,624	5,061,916	(391,292)
TOTAL GENERAL CURRENT EXPENSE	8,362,873	31,703	8,394,576	8,688,029	(293,453)
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures-Instruction		3,200	3,200	3,179	
Undistributed Expenditures-Instr. Staff		5,500	5,500	5,475	
Undistributed Expenditures-Operation and Maint. Of Plant Serv.	186,000	32,075	218,075	217,900	
Undistributed Expenditures-Equip for Req. Maint. For Sch. Fac.	5,000	(425)	4,575	4,562	
Total Equipment	191,000	40,350	231,350	231,116	
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	20,000	30,354	50,354	41,315	9,039
Construction Services	140,000	(11,360)	128,640		128,640
Assessment for Debt Service on SDA Funding	1,127		1,127	1,127	
Total Facilities Acquisition and Construction Services	161,127	18,994	180,121	42,442	137,679
TOTAL CAPITAL OUTLAY	352,127	59,344	411,471	273,558	137,679

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Transfer of Funds to Charter Schools	350,000	23,200	373,200	373,117	83
TOTAL EXPENDITURES	9,065,000	114,247	9,179,247	9,334,704	(155,691)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(385,000)	(114,247)	(499,247)	345,708	844,955
Other Financing Sources:					
Operating Transfer In/(Out):					
Transfer In - Capital Projects Fund				61,742	(61,742)
Transfer Out - Capital Projects Fund				(77,043)	77,043
Total Other Financing Sources:				(15,301)	15,301
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(385,000)	(114,247)	(499,247)	330,407	860,256
Fund Balance, July 1	1,003,138		1,003,138	1,003,138	
Fund Balance, June 30	\$ 618,138	\$ (114,247)	\$ 503,891	\$ 1,333,545	\$ 860,256
Recapitulation:					
Restricted for:					
Capital Reserve				476,353	
Excess Surplus				-	
Excess Surplus - Designated for Subsequent Year's Expenditures				169,367	
Assigned to:					
Year-End Encumbrances				386,347	
Designated for Subsequent Year's Expenditures				55,633	
Unassigned:					
Unrestricted Fund Balance				245,845	
Fund Balance per Governmental Funds(Budgetary Basis)				1,333,545	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				(193,088)	
Fund Balance per Governmental Funds(GAAP Basis)				\$ 1,140,457	

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Federal Sources	\$ 169,500	\$ 119,749	\$ 289,249	\$ 289,249	-
Total Revenues	169,500	119,749	289,249	289,249	
EXPENDITURES:					
Instruction					
Salaries of Teachers	37,500	3,208	40,708	40,708	
Purchased Profess. & Tech. Serv.		40,331	40,331	40,331	
Tuition	132,000	-	132,000	132,000	
General Supplies		48,569	48,569	48,569	
Total Instruction	169,500	92,108	261,608	261,608	
Support Services					
Personal Services - Employee Benefits		22,636	22,636	22,636	
Purchased Professional and Technical Services		2,605	2,605	2,605	
Supplies and Materials		2,400	2,400	2,400	
Total Support Services	-	27,641	27,641	27,641	-
Total Expenditures	169,500	119,749	289,249	289,249	-
Total Outflows	169,500	119,749	289,249	289,249	
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					
Fund Balance per Governmental Funds(Budgetary Basis)					<u>None</u>
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis					<u>None</u>
Fund Balance per Governmental Funds(GAAP Basis)					<u>None</u>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2015

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 9,680,412	\$ 289,249
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	N/A
Current Year Encumbrances	N/A	N/A
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	196,208	N/A
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	(193,088)	N/A
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	\$ 9,683,532	\$ 289,249
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 9,334,704	\$ 289,249
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	N/A
Current Year Encumbrances	N/A	N/A
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	N/A	N/A
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	\$ 9,334,704	\$ 289,249

**Blairstown School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years ***

Teachers' Pension and Annuity Fund (TPAF)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
District's proportion of the net pension liability (asset) **	N/A	N/A								
District's proportionate share of the net pension liability (asset) **	N/A	N/A								
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 22,838,525</u>	<u>\$ 20,728,844</u>								
Total	<u>\$ 22,838,525</u>	<u>\$ 20,728,844</u>								
District's covered employee payroll	\$ 4,070,098	\$ 4,240,856								
District's proportionate share of the of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A								
Plan fiduciary net position as a percentage of the total pension liability	33.64%	33.76%								

** Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the district (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the district.

Public Employees' Retirement System (PERS)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
District's proportion of the net pension liability (asset)	0.00753810%	0.00745448%								
District's proportionate share of the net pension liability (asset)	<u>\$ 1,411,338</u>	<u>\$ 1,424,700</u>								
District's covered employee payroll	\$ 991,562	\$ 1,029,125								
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	142.33%	138.44%								
Plan fiduciary net position as a percentage of the total pension liability (Local)	52.08%	48.72%								

* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

**Blairstown School District
Schedule of District Contributions
Last Ten Fiscal Years ***

Teachers' Pension and Annuity Fund (TPAF)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Contractually required contribution **	N/A	N/A								
Contributions in relation to the contractually required contribution **	N/A	N/A								
Contribution deficiency (excess)	N/A	N/A								
District's covered employee payroll	\$ 4,070,098	\$ 4,240,856								
Contributions as a percentage of covered-employee payroll	N/A	N/A								

** Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. The district (employer) does not contribute to the plan.

Public Employees' Retirement System (PERS)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Contractually required contribution	\$ 63,696	\$ 66,238								
Contributions in relation to the contractually required contribution	<u>(63,696)</u>	<u>(66,238)</u>								
Contribution deficiency (excess)	<u>-</u>	<u>-</u>								
District's covered employee payroll	\$ 991,562	\$ 1,029,125								
Contributions as a percentage of covered-employee payroll	6.42%	6.44%								

* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Pension Schedules

For the Fiscal Year Ended June 30, 2015

Teachers' Pension and Annuity Fund (TPAF)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

Public Employees' Retirement System (PERS)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

OTHER SUPPLEMENTARY INFORMATION

<p style="text-align: center;">SPECIAL REVENUE FUND DETAIL STATEMENTS</p>
--

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit E-1

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

For the Fiscal Year Ended June 30, 2015

	Title I Part A	Title I I Part A	IDEA Basic	IDEA Preschool	REAP	Totals
REVENUES						
Federal Sources	\$ 32,624	\$ 19,482	\$ 143,618	\$ 12,525	\$ 81,000	\$ 289,249
TOTAL REVENUES	32,624	19,482	143,618	12,525	81,000	289,249
EXPENDITURES:						
Instruction:						
Salaries of Teachers	25,488	15,220				40,708
Purchased Profess. & Tech. Serv.					40,331	40,331
Tuition			119,475	12,525		132,000
General Supplies			7,900		40,669	48,569
Total Instruction	25,488	15,220	127,375	12,525	81,000	261,608
Support Services:						
Personal Services-Employee Bene.	5,505	3,288	13,843			22,636
Purchased Profess. & Tech Svcs	1,631	974				2,605
Supplies and Materials			2,400			2,400
Total Support Services	7,136	4,262	16,243	-	-	27,641
TOTAL EXPENDITURES	32,624	19,482	143,618	12,525	81,000	289,249
Total Outflows	32,624	19,482	143,618	12,525	81,000	289,249
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)						

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit F-1

**CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES**

For the Fiscal Year Ended June 30, 2015

	<u>Date</u>	<u>Original</u>	<u>Revised</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2015</u>
		<u>Appropriations</u>	<u>Appropriations</u>	<u>Prior Years</u>	<u>Current Year</u>	
HVAC, ADA Upgrades, Window Replacement, Asbestos Flooring Replacement, Stair Tread Replacement	5/14/2009					
- State Share		\$ 539,304	\$ 125,455	\$ 125,455		-
- Board of Education		808,955	133,988	133,988	-	-
		<u>1,348,259</u>	<u>259,443</u>	<u>259,443</u>	<u>-</u>	<u>-</u>
Door Replacement Project	6/3/2014					
- State Share		51,400	51,361		\$ 51,361	-
- Board of Education		77,100	77,043	-	77,043	-
		<u>128,500</u>	<u>128,404</u>	<u>-</u>	<u>128,404</u>	<u>-</u>
Totals		<u>\$ 1,348,259</u>	<u>\$ 259,443</u>	<u>\$ 259,443</u>	<u>-</u>	<u>-</u>
					Fund Balance, June 30, 2015	<u>-</u>

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit F-2

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

For the Fiscal Year Ended June 30, 2015

Revenues and Other Financing

Sources

State Sources-SDA Grant	\$ 51,321
Transfer from capital reserve-In	77,043
Transfer from capital reserve-Out	(61,742)
Total Revenues	<u>66,622</u>

Expenditures and Other Financing

Uses

Construction Services	<u>128,404</u>
Total Expenditures	<u>128,404</u>

Excess(deficiency) of revenues over(under) expenditures	(61,782)
---	----------

Fund Balance - Beginning	<u>\$ 61,782</u>
--------------------------	------------------

Fund Balance - Ending	<u><u>-</u></u>
-----------------------	-----------------

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit F-2a

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

From Inception and for the Fiscal Year Ended June 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 125,495	\$ (40)	\$ 125,455	\$ 125,455
Transfer from capital reserve	195,730	(61,742)	133,988	133,988
Total Revenues	<u>321,225</u>	<u>(61,782)</u>	<u>259,443</u>	<u>259,443</u>
Expenditures and Other Financing Sources				
Construction Services	\$ 253,777		\$ 253,777	\$ 253,777
Purchased Professional Services	5,666		5,666	5,666
Total Expenditures	<u>259,443</u>	<u>-</u>	<u>259,443</u>	<u>259,443</u>
Excess(deficiency) of revenues over(under) expenditures	<u>\$ 61,782</u>	<u>\$ (61,782)</u>	<u>\$ -</u>	

Project Fund Balance, 6/30/15 \$ -

Additional project information:

Project Number	SP#0400-030-09-1001
Grant Date	5/14/2009
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$1,348,259
Additional Authorized Cost	-\$1,088,816
Revised Authorized Cost	\$259,443
Percentage Increase over Original	
Authorized Cost	N/A
Percentage Completion	100%
Original Target Completion Date	6/30/2010
Revised Target Completion Date	6/30/2015

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit F-2a

**CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
DOOR REPLACEMENT PROJECT**

From Inception and for the Fiscal Year Ended June 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant		\$ 51,361	\$ 51,361	\$ 51,361
Transfer from capital reserve		77,043	77,043	77,043
Total Revenues	-	128,404	128,404	128,404
Expenditures and Other Financing Sources				
Construction Services		\$ 128,404	\$ 128,404	\$ 128,404
Total Expenditures	-	128,404	128,404	128,404
Excess(deficiency) of revenues over(under) expenditures	-	-	-	

Project Fund Balance, 6/30/15 -

Additional project information:

SDA Project Number	SP#0400-030-13-G2TO
State Project Number	SP#0400-030-13-3003
Grant Date	6/3/14
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$128,500
Additional Authorized Cost	-\$96
Revised Authorized Cost	\$128,404
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100%
Original Target Completion Date	6/30/2015
Revised Target Completion Date	6/30/2015

<p style="text-align: center;">PROPRIETARY FUND DETAIL STATEMENTS</p>
--

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

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

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

<p style="text-align: center;">FIDUCIARY FUND DETAIL STATEMENTS</p>
--

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

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

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

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

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015**

	UNEMPLOYMENT COMPENSATION INSURANCE TRUST	STUDENT ACTIVITY	AGENCY FUNDS PAYROLL AGENCY	TOTALS
ASSETS:				
Cash and Cash Equivalents	\$8,910	\$ 5,647	\$ 86,488	\$ 101,045
TOTAL ASSETS	8,910	5,647	86,488	101,045
LIABILITIES:				
Liabilities:				
Payroll Deductions and Withholdings			2,183	2,183
Summer Pay			80,714	80,714
Accounts Payable			2,708	2,708
Interfund Payable			883	883
Payable to Student Groups		5,647		5,647
Total Liabilities		5,647	86,488	92,135
NET POSITION				
Held in Trust for Unemployment Claims and Other Purposes	8,910			8,910
TOTAL LIABILITIES AND NET POSITION	\$8,910	\$ 5,647	\$ 86,488	\$ 101,045

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit H-2

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE FISCAL YEARS ENDED JUNE 30, 2015

	UNEMPLOYMENT COMPENSATION INSURANCE <u>TRUST</u>	<u>TOTALS</u>
ADDITIONS		
Contributions:		
Plan Member	\$ 8,369	\$ 8,369
Total Contributions	<u>8,369</u>	<u>8,369</u>
Investment Earnings:		
Interest	22	22
Net Investment Earnings	<u>22</u>	<u>22</u>
Total Additions	<u>8,391</u>	<u>8,391</u>
DEDUCTIONS		
Unemployment Claims	12,084	12,084
Total Deductions	<u>12,084</u>	<u>12,084</u>
Change in Net Position	<u>(3,693)</u>	<u>(3,693)</u>
Net Position—Beginning of the Year	<u>12,603</u>	<u>12,603</u>
Net Position—End of the Year	<u>\$ 8,910</u>	<u>\$ 8,910</u>

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
STUDENT ACTIVITY AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>ACTIVITY</u>	<u>BALANCE JULY 1, 2014</u>	<u>TRANSFERS</u>	<u>CASH RECEIPTS</u>	<u>CASH DISBURSEMENTS</u>	<u>BALANCE JUNE 30, 2015</u>
Class Activities	\$ 6,521		\$ 20,701	\$ 21,575	\$ 5,647
Totals	\$ 6,521	-	\$ 20,701	\$ 21,575	\$ 5,647

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>BALANCE</u> <u>JULY 1, 2014</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2015</u>
ASSETS:				
Cash and Cash Equivalents	\$ 2,755	\$ 5,584,677	\$ 5,500,944	\$ 86,488
Total Assets	<u>\$ 2,755</u>	<u>\$ 5,584,677</u>	<u>\$ 5,500,944</u>	<u>\$ 86,488</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 725	\$ 2,367,272	\$ 2,365,814	\$ 2,183
Accrued Net Payroll		3,131,112	3,131,112	-
Interfund Payable	883			883
Summer Pay		80,714		80,714
Flexible Spending	1,147	5,579	4,018	2,708
Total Liabilities	<u>\$ 2,755</u>	<u>\$ 5,584,677</u>	<u>\$ 5,500,944</u>	<u>\$ 86,488</u>

LONG-TERM DEBT SCHEDULES

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

N/A

Blairstown Township School District
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	89-94
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	95-101
Debt Capacity (J-10 thru J-13) These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	102-105
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	106-107
Operating Information (J-16 thru J-20) 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.	108-112

Sources:

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

**Blairstown Township School District
Net Position by Component,
Last Ten Fiscal Years**

Exhibit J-1

(accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 1,426,171	\$ 1,463,853	\$ 1,496,099	\$ 1,496,454	\$ 1,694,639	\$ 1,356,802	\$ 1,568,598	\$ 1,673,328	\$ 1,824,786	\$ 2,160,655
Restricted	128,652	244,588	289,997	555,868	372,258	676,311	590,273	613,408	617,148	701,353
Unrestricted	(68,689)	(128,811)	165,751	31,601	149,829	144,582	(16,204)	29,740	161,749	(1,178,208)
Total governmental activities net position	<u>\$ 1,486,134</u>	<u>\$ 1,579,630</u>	<u>\$ 1,951,847</u>	<u>\$ 2,083,923</u>	<u>\$ 2,216,726</u>	<u>\$ 2,177,695</u>	<u>\$ 2,142,667</u>	<u>\$ 2,316,476</u>	<u>\$ 2,603,683</u>	<u>\$ 1,683,800</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 3,236	\$ 1,297	-	\$ 25,948	\$ 22,241	\$ 18,534	\$ 14,827	\$ 11,120	\$ 7,414	\$ 3,707
Restricted										
Unrestricted	2,320	4,709	5,424	7,448	8,842	11,615	9,181	5,582	12,586	28,934
Total business-type activities net position	<u>\$ 5,556</u>	<u>\$ 6,006</u>	<u>\$ 5,424</u>	<u>\$ 33,396</u>	<u>\$ 31,083</u>	<u>\$ 30,149</u>	<u>\$ 24,008</u>	<u>\$ 16,702</u>	<u>\$ 20,000</u>	<u>\$ 32,641</u>
District-wide										
Invested in capital assets, net of related debt	\$ 1,429,407	\$ 1,465,150	\$ 1,496,099	\$ 1,522,402	\$ 1,716,880	\$ 1,375,336	\$ 1,583,425	\$ 1,684,448	\$ 1,832,200	\$ 2,164,362
Restricted	128,652	244,588	289,997	555,868	372,258	676,311	590,273	613,408	617,148	701,353
Unrestricted	(66,369)	(124,102)	171,175	39,049	158,671	156,197	(7,023)	35,322	174,335	(1,149,274)
Total district net position	<u>\$ 1,491,690</u>	<u>\$ 1,585,636</u>	<u>\$ 1,957,271</u>	<u>\$ 2,117,319</u>	<u>\$ 2,247,809</u>	<u>\$ 2,207,844</u>	<u>\$ 2,166,675</u>	<u>\$ 2,333,178</u>	<u>\$ 2,623,683</u>	<u>\$ 1,716,441</u>

Source: CAFR Schedule A-1

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

Exhibit J-2

	2006		2007		2008		2009		Fiscal Year Ending June 30,		2010		2011		2012		2013		2014		2015		
Expenses																							
Governmental activities																							
Instruction																							
Regular	\$ 3,593,223	\$ 4,017,690	\$ 4,096,290	\$ 4,199,640	\$ 4,434,790	\$ 3,850,889	\$ 3,762,055	\$ 3,841,629	\$ 3,558,683	\$ 4,129,910													
Special education	1,236,726	1,089,833	1,114,014	1,241,410	1,242,276	1,292,245	1,409,716	1,245,936	1,136,443	1,405,663													
Other special education	243,916	261,714	256,931	254,691	203,929	136,677	153,189	237,923	293,634	369,183													
Support Services:																							
Tuition	19,199	3,491	24,230	102,105	72,863	78,585	164,448	66,271	54,276	125,854													
Student & instruction related services	1,229,655	1,305,358	1,335,195	1,214,859	1,382,647	1,314,515	1,640,246	1,627,553	1,561,155	1,761,178													
School administrative services	195,029	211,828	212,372	208,749	208,883	232,409	219,886	188,601	210,238	234,315													
General administrative services	389,570	460,135	470,048	545,828	518,487	547,487	536,348	568,275	685,877	748,301													
Plant operations and maintenance	566,260	650,723	686,894	689,982	653,025	732,576	795,897	821,287	1,048,296	1,053,076													
Pupil transportation	275,132	325,687	338,850	386,703	569,972	550,033	561,477	704,797	693,633	753,359													
Other Support Services																							
Non-Budgeted Contributions																							
Charter Schools																							
Interest and other fiscal charges	55,157	4,020	-	-	-	-	-	-	1,127	1,127													
Unallocated depreciation		55,156	55,156	55,156	55,156	51,119	55,889	61,212	93,608	147,817													
Total governmental activities expenses	<u>7,803,867</u>	<u>8,385,635</u>	<u>8,589,980</u>	<u>8,899,123</u>	<u>9,342,028</u>	<u>8,786,535</u>	<u>9,299,151</u>	<u>9,363,484</u>	<u>9,336,970</u>	<u>10,729,783</u>													
Business-type activities:																							
Food service	154,391	155,651	155,183	124,629	118,739	120,893	128,915	118,307	97,444	95,210													
Child Care																							
Total business-type activities expense	<u>154,391</u>	<u>155,651</u>	<u>155,183</u>	<u>124,629</u>	<u>118,739</u>	<u>120,893</u>	<u>128,915</u>	<u>118,307</u>	<u>97,444</u>	<u>95,210</u>													
Total district expenses	<u>\$ 7,958,258</u>	<u>\$ 8,541,286</u>	<u>\$ 8,745,163</u>	<u>\$ 9,023,752</u>	<u>\$ 9,460,767</u>	<u>\$ 8,907,428</u>	<u>\$ 9,428,066</u>	<u>\$ 9,481,791</u>	<u>\$ 9,434,414</u>	<u>\$ 10,824,993</u>													
Program Revenues																							
Governmental activities:																							
Charges for services:																							
Instruction (Tuition)	\$ 1,386,431	\$ 1,569,633	\$ 1,671,311	\$ 1,601,125	\$ 3,808	\$ 14,155	\$ 27,598	\$ 26,075	\$ 21,028	\$ 66,780													
Business and other support services																							
Operating grants and contributions	\$ 632,054	\$ 2,530,624	\$ 2,661,511	\$ 2,390,947	\$ 3,190,181	\$ 2,622,602	\$ 2,918,732	\$ 3,014,416	\$ 2,973,399	4,257,078													
Capital grants and contributions																							
Total governmental activities program revenues	<u>2,018,485</u>	<u>4,100,257</u>	<u>4,332,822</u>	<u>3,992,072</u>	<u>3,193,989</u>	<u>2,636,757</u>	<u>2,946,330</u>	<u>3,040,491</u>	<u>2,994,427</u>	<u>4,323,858</u>													
Business-type activities:																							
Charges for services																							
Food service	103,126	102,366	100,863	88,564	78,651	79,902	77,852	67,884	62,466	64,228													
Child care																							
Operating grants and contributions	28,421	33,944	34,935	38,052	37,741	40,049	44,798	43,089	38,253	43,582													
Capital grants and contributions				25,948	-	-	-	-	-	-													
Total business type activities program revenues	<u>131,547</u>	<u>136,310</u>	<u>135,798</u>	<u>152,564</u>	<u>116,392</u>	<u>119,951</u>	<u>122,650</u>	<u>110,973</u>	<u>100,719</u>	<u>107,810</u>													
Total district program revenues	<u>\$ 2,150,032</u>	<u>\$ 4,236,567</u>	<u>\$ 4,468,620</u>	<u>\$ 4,144,636</u>	<u>\$ 3,310,381</u>	<u>\$ 2,756,708</u>	<u>\$ 3,068,980</u>	<u>\$ 3,151,464</u>	<u>\$ 3,095,146</u>	<u>\$ 4,431,668</u>													
Net (Expense)/Revenue																							
Governmental activities	\$ (5,785,382)	\$ (4,285,378)	\$ (4,257,158)	\$ (4,907,051)	\$ (6,148,039)	\$ (6,149,778)	\$ (6,352,821)	\$ (6,322,993)	\$ (6,342,543)	\$ (6,405,925)													
Business-type activities	(22,844)	(19,341)	(19,385)	27,935	(2,347)	(942)	(6,265)	(7,334)	3,275	12,600													
Total district-wide net expense	<u>\$ (5,808,226)</u>	<u>\$ (4,304,719)</u>	<u>\$ (4,276,543)</u>	<u>\$ (4,879,116)</u>	<u>\$ (6,150,386)</u>	<u>\$ (6,150,720)</u>	<u>\$ (6,359,086)</u>	<u>\$ (6,330,327)</u>	<u>\$ (6,339,268)</u>	<u>\$ (6,393,325)</u>													

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

Exhibit J-2

	2006		2007		2008		2009		Fiscal Year Ending June 30,		2012		2013		2014		2015	
									2010	2011								
General Revenues and Other Changes in Net Position																		
Governmental activities:																		
Property taxes levied for general purposes, net	\$ 4,162,083	\$ 4,302,865	\$ 4,555,030	\$ 4,636,549	\$ 6,002,019	\$ 6,242,100	\$ 6,238,000	\$ 6,362,000	\$ 6,489,000	\$ 6,618,000								
Taxes levied for debt service																		
Restricted grants and contributions	1,652,678	-	-	267,397	125,495													51,321
Other Aid	3,754	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment earnings	8,454	24,438	21,517	11,714	3,584	10,321	10,830	4,018	3,984	4,725								
Miscellaneous income	136,264	71,332	71,597	123,467	149,744	153,112	129,348	127,204	136,766	34,741								
Transfers	(38,164)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>5,925,069</u>	<u>4,398,635</u>	<u>4,648,144</u>	<u>5,039,127</u>	<u>6,280,842</u>	<u>6,405,533</u>	<u>6,378,178</u>	<u>6,493,222</u>	<u>6,629,750</u>	<u>6,708,787</u>								
Business-type activities:																		
Investment earnings	25	29	34	37	34	8	124	28	23	41								
Transfers	20,964	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>20,989</u>	<u>29</u>	<u>34</u>	<u>37</u>	<u>34</u>	<u>8</u>	<u>124</u>	<u>28</u>	<u>23</u>	<u>41</u>								
Total district-wide	<u>\$ 5,946,058</u>	<u>\$ 4,398,664</u>	<u>\$ 4,648,178</u>	<u>\$ 5,039,164</u>	<u>\$ 6,280,876</u>	<u>\$ 6,405,541</u>	<u>\$ 6,378,302</u>	<u>\$ 6,493,250</u>	<u>\$ 6,629,773</u>	<u>\$ 6,708,828</u>								
Change in Net Position																		
Governmental activities	\$ 139,687	\$ 113,257	\$ 390,986	\$ 132,076	\$ 132,803	\$ 255,755	\$ 25,357	\$ 170,229	\$ 287,207	\$ 302,862								
Business-type activities	(1,855)	(19,312)	(19,351)	27,972	(2,313)	(934)	(6,141)	(7,306)	3,298	12,641								
Total district	<u>\$ 137,832</u>	<u>\$ 93,945</u>	<u>\$ 371,635</u>	<u>\$ 160,048</u>	<u>\$ 130,490</u>	<u>\$ 254,821</u>	<u>\$ 19,216</u>	<u>\$ 162,923</u>	<u>\$ 290,505</u>	<u>\$ 315,503</u>								

Source: CAFR Schedule A-2

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

Exhibit J-3

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund										
Reserved	\$ 10,779	\$ 245,952	\$ 426,066	\$ 665,958	\$ 434,835	\$ 739,850	\$ 618,974	\$ 667,296	\$ 731,395	\$ 1,087,700
Unreserved	304,306	194,664	190,577	99,637	64,057	133,515	75,790	84,845	75,535	52,757
Total general fund	<u>\$ 315,085</u>	<u>\$ 440,616</u>	<u>\$ 616,643</u>	<u>\$ 765,595</u>	<u>\$ 498,892</u>	<u>\$ 873,365</u>	<u>\$ 694,764</u>	<u>\$ 752,141</u>	<u>\$ 806,930</u>	<u>\$ 1,140,457</u>
All Other Governmental Funds										
Reserved									-	-
Unreserved, reported in:										
Special revenue fund									-	-
Capital projects fund	\$ 117,874				\$ 163,100	\$ 163,100	\$ 62,737	\$ 61,782	\$ 61,782	-
Debt service fund										
Trust and agency fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 117,874</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 163,100</u>	<u>\$ 163,100</u>	<u>\$ 62,737</u>	<u>\$ 61,782</u>	<u>\$ 61,782</u>	<u>\$ -</u>

Source: CAFR Schedule B-1

**Blairstown Township School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years**

Exhibit J-4

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2014</u>	<u>2014</u>	<u>2015</u>
Revenues										
Tax levy	\$ 4,162,083	\$ 4,302,865	\$ 4,555,030	\$ 4,636,549	\$ 6,002,019	\$ 6,242,100	\$ 6,238,000	\$ 6,362,000	\$ 6,489,000	\$ 6,618,000
Tuition charges	1,386,431	1,569,633	1,671,311	1,601,125	3,808	14,155	27,598	26,075	21,028	66,780
Miscellaneous	148,472	95,770	93,114	135,181	153,328	163,433	140,178	131,222	140,750	39,466
State sources	2,003,445	2,182,636	2,333,352	2,125,925	2,635,155	2,383,967	2,607,284	2,799,623	2,753,827	2,899,946
Federal sources	281,288	347,988	328,159	265,022	680,521	238,635	311,448	214,793	219,572	399,910
Total revenue	7,981,719	8,498,892	8,980,966	8,763,802	9,474,831	9,042,290	9,324,508	9,533,713	9,624,177	10,024,102
Expenditures										
Instruction										
Regular Instruction	3,180,943	3,479,457	3,593,472	3,726,231	3,900,705	3,335,151	3,229,134	2,821,904	2,671,994	2,718,085
Special education instruction	1,096,145	944,321	977,759	1,102,134	1,099,253	1,120,847	1,211,990	916,367	854,420	926,342
Other special instruction	216,391	226,771	225,506	226,117	180,451	118,549	131,703	174,989	220,765	243,294
Other instruction								-	-	-
Support Services:										
Tuition	19,199	3,025	21,266	90,650	64,474	68,162	141,383	48,741	40,807	82,939
Student & instruction related services	1,072,347	1,131,070	1,171,887	1,078,562	1,223,463	1,140,163	1,410,186	1,197,041	1,173,735	1,160,629
General administrative services	173,092	369,366	392,637	464,671	438,874	470,131	456,381	413,219	448,555	447,082
School administrative services	358,965	183,545	186,397	185,329	184,834	201,683	189,045	138,713	158,065	154,415
Plant operations and maintenance	543,826	558,382	597,422	607,114	572,384	633,762	682,617	602,396	786,500	692,337
Pupil transportation	274,306	281,375	296,578	342,491	503,524	471,409	477,055	512,698	515,829	490,799
Other Support Services										
Unallocated employee benefits	798,260	1,123,606	1,145,215	862,205	875,013	847,938	1,009,173	2,140,665	1,985,614	2,061,356
Charter Schools	58,289	36,280	62,624	112,782	232,406	235,027	290,993	361,010	388,923	373,117
Capital Outlay	270,266	16,402	115,407	83,961	303,053	25,095	345,384	177,976	324,181	401,962
Debt service:										
Principal										
Interest and other charges										
Total expenditures	8,062,029	8,353,600	8,786,170	8,882,247	9,578,434	8,667,917	9,575,044	9,505,719	9,569,388	9,752,357
Excess (Deficiency) of revenues over (under) expenditures	(80,310)	145,292	194,796	(118,445)	(103,603)	374,373	(250,536)	27,994	54,789	271,745
Other Financing Sources (uses)										
Note Proceeds	117,874									
Other	(57)									
Transfers in	173,000			267,397	296,959		201,678	62,538	-	15,301
Transfers out	(211,107)	(19,761)	(18,769)		(296,959)		(201,678)	(62,538)	-	(15,301)
Total other financing sources (uses)	79,710	(19,761)	(18,769)	267,397	-	-	-	-	-	-
Net change in fund balances	\$ (600)	\$ 125,531	\$ 176,027	\$ 148,952	\$ (103,603)	\$ 374,373	\$ (250,536)	\$ 27,994	\$ 54,789	\$ 271,745
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: CAFR Schedule B-2

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Cost</u> <u>Share</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2006	\$ 8,454			\$ 1,386,431	\$ 118,895	\$ 1,513,780
2007	24,438	\$ 825	\$ 61,604	1,569,633	5,445	1,661,945
2008	21,517	222		1,671,311	66,826	1,759,876
2009	11,714	15,086	68,580	1,601,125	34,854	1,731,359
2010	3,584	45,236	72,058	3,808	28,392	153,078
2011	10,321	12,852	90,600	14,155	39,386	167,314
2012	10,830	264	78,340	27,598	42,422	159,454
2013	4,018			26,075	117,128	147,221
2014	3,984	5,000	44,655	21,028	79,958	154,625
2015	4,725	500		66,780	34,241	106,246

SOURCE: District Records

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

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2007	\$9,373,550	\$358,634,694	\$48,486,200	\$2,107,600	\$41,050,750	\$6,845,900	-	\$524,834,152	\$56,895,595	\$1,439,863	\$467,938,557	\$0.920	\$700,816,547
2008	26,456,500	687,372,600	94,238,400	2,120,200	80,708,800	16,024,600	-	1,025,509,073	116,145,542	2,442,431	909,363,531	\$0.501	893,383,234
2009	25,805,300	694,003,300	93,679,000	2,071,225	79,884,700	15,768,000	-	1,031,656,704	118,011,242	2,433,937	913,645,462	\$0.507	961,480,469
2010	31,650,900	695,382,800	95,476,000	2,055,325	74,764,000	8,300,300	-	1,030,112,649	120,340,142	2,143,182	909,772,507	\$0.520	944,965,252
2011	30,691,900	694,723,800	97,834,200	2,064,325	73,815,850	8,300,300	-	1,032,598,182	122,932,042	2,235,765	909,666,140	\$0.537	920,100,839
2012	19,587,700	558,981,200	75,042,600	2,097,700	63,314,000	7,525,200	-	825,492,860	96,699,303	2,245,157	728,793,557	\$0.657	870,135,402
2013	17,560,200	552,802,300	76,294,600	2,133,400	61,280,500	7,526,200	-	815,607,689	95,982,717	2,027,772	719,624,972	\$0.714	786,160,323
2014	17,324,800	554,018,900	74,566,200	2,146,300	60,606,200	7,426,000	-	814,057,450	95,984,317	1,984,733	718,073,133	\$0.720	747,038,890
2015	17,534,500	553,802,200	73,824,500	2,129,800	59,922,200	7,506,300	-	812,711,502	95,881,017	2,110,985	716,830,485	\$0.742	712,612,284

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Exhibit J-6

Fiscal Year Ended June 30.	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2006	\$8,228,700	\$104,392,100	\$29,720,800	\$1,148,600	\$1,506,200	\$627,000	-	\$191,268,067	\$45,118,700	\$525,967	\$146,149,367	\$0.948	\$169,301,396
2007	7,246,100	107,392,600	31,035,800	1,093,600	1,506,200	627,000	-	195,297,690	45,950,600	445,790	149,347,090	0.958	195,059,295
2008	7,008,700	108,637,000	32,495,200	1,074,150	1,506,200	627,000	-	197,703,048	45,976,800	377,998	151,726,248	0.909	214,452,259
2009	6,877,000	110,028,500	33,737,400	1,056,100	1,506,200	627,000	-	200,788,726	46,633,300	323,226	154,155,426	0.849	235,659,901
2010	6,259,400	110,940,300	35,353,200	1,055,300	1,506,200	627,000	-	203,139,974	47,093,500	305,074	156,046,474	0.808	254,599,556
2011	5,583,000	111,826,700	36,823,000	1,027,200	1,533,800	627,000	-	226,476,500	68,766,400	289,400	157,710,100	0.862	245,506,935
2012	5,406,700	110,585,150	38,832,800	1,067,100	839,400	627,000	-	226,584,341	68,822,600	403,591	157,761,741	0.916	226,265,738
2013	5,660,800	110,017,450	39,201,100	1,050,100	705,700	627,000	-	227,338,257	69,620,400	455,707	157,717,857	0.778	210,701,695
2014	5,640,900	111,075,050	38,132,600	1,040,900	705,700	627,000	-	227,339,808	69,638,300	479,358	157,701,508	0.836	194,779,597
2015	5,555,700	112,159,350	37,735,800	1,005,600	705,700	627,000	-	228,217,999	69,938,800	490,049	158,279,199	0.822	186,361,299

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

Blairstown Township School District
 Direct and Overlapping Property Tax Rates - **Blairstown Township**
 Last Ten Fiscal Years
(rate per \$100 of assessed value)

Exhibit J-7

Fiscal Year Ended June 30,	Blairstown Township Board of Education			North Warren Regional School District	Blairstown Township	Warren County	Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct				
2006	\$0.902	-0-	\$0.902	\$0.951	\$0.040	\$0.977	\$2.870
2007	\$0.920	-0-	\$0.920	\$0.968	\$0.040	\$1.062	\$2.990
2008	\$0.501	-0-	\$0.501	\$0.512	\$0.035	\$0.602	\$1.650
2009	\$0.507	-0-	\$0.507	\$0.507	\$0.035	\$0.639	\$1.688
2010	\$0.520	-0-	\$0.520	\$0.541	\$0.035	\$0.626	\$1.722
2011	\$0.537	-0-	\$0.537	\$0.576	\$0.035	\$0.619	\$1.767
2012	\$0.657	-0-	\$0.657	\$0.713	\$0.035	\$0.758	\$2.163
2013	\$0.714	-0-	\$0.714	\$0.672	\$0.035	\$0.739	\$2.160
2014	\$0.720	-0-	\$0.720	\$0.693	\$0.015	\$0.739	\$2.167
2015	\$0.742	-0-	\$0.742	\$0.703	\$0.020	\$0.766	\$2.231

Source: District Records and Municipal Tax Collector

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

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

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

Blairstown Township School District
 Direct and Overlapping Property Tax Rates - **Hardwick Township**
 Last Ten Fiscal Years
(rate per \$100 of assessed value)

Exhibit J-7

Fiscal Year Ended June 30,	Blairstown Township Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Hardwick Township	North Warren Regional School District	Warren County	
2006	\$0.948	-0-	\$0.948	\$0.182	\$0.840	\$0.840	\$2.810
2007	\$0.958	-0-	\$0.958	\$0.195	\$0.890	\$0.887	\$2.930
2008	\$0.909	-0-	\$0.909	\$0.184	\$0.902	\$0.935	\$2.930
2009	\$0.849	-0-	\$0.849	\$0.203	\$0.894	\$0.992	\$2.938
2010	\$0.808	*	\$0.808	\$0.209	\$0.805	\$0.946	\$2.768
2011	\$0.862	*	\$0.862	\$0.245	\$0.786	\$0.904	\$2.797
2012	\$0.916	*	\$0.916	\$0.232	\$0.684	\$0.913	\$2.745
2013	\$0.778	*	\$0.778	\$0.277	\$0.847	\$0.893	\$2.795
2014	\$0.836	*	\$0.836	\$0.324	\$0.866	\$0.880	\$2.906
2015	\$0.822	*	\$0.822	\$0.330	\$0.911	\$0.906	\$2.969

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

Source: District Records and Municipal Tax Collector

- Note:** NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to
- a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation
 - b** Rates for debt service are based on each year's requirements.

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

Exhibit J-8

Taxpayer	2013			2002		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Public Service Gas & Electric	\$ 9,195,500	1	1.28%	2,078,500	2	0.71%
Blairstown Realty Associates, LLC	8,826,700	2	1.23%			
JD Air, Inc.	2,865,700	3	0.40%			
First National Bank of Hope	2,707,100	4	0.38%	1,360,600	6	0.46%
Rite Aid	2,486,200	5	0.35%			
Blair Academy	2,044,600	6	0.29%			
Embarq	1,984,733	7	0.28%			
Grater, LLC	1,963,500	8	0.27%	1,392,400	5	0.47%
Individual Taxpayer #1	1,705,000	9	0.24%	1,265,446	7	0.43%
Individual Taxpayer #2	1,693,700	10	0.24%	789,900	10	0.27%
Great Atlantic & Pacific Co.				6,592,000	1	2.24%
Jersey Central Power & Light				2,078,500	3	0.71%
Blair Air				1,613,000	4	0.55%
Woodborne Lane				1,070,000	8	0.36%
JMS Associates				800,000	9	0.27%
Total	\$ 35,472,733		4.95%	\$ 19,040,346		6.47%

Source: District CAFR & Municipal Tax Assessor

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

Exhibit J-8

Taxpayer	2013			2002		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
JCP&L	\$ 996,100	1	0.63%			
PSE&G	996,100	2	0.63%			
Individual Taxpayer #1	782,500	3	0.49%	859,400	2	0.65%
Individual Taxpayer #2	706,300	4	0.45%	612,500	6	0.46%
Individual Taxpayer #3	690,700	5	0.44%	519,000	7	0.39%
Individual Taxpayer #4	633,000	6	0.40%			
Individual Taxpayer #5	627,000	7	0.40%			
Individual Taxpayer #6	608,300	8	0.38%	802,700	3	0.60%
Individual Taxpayer #7	603,700	9	0.38%	462,900	9	0.35%
Individual Taxpayer #8	603,700	10	0.38%	424,600	10	0.32%
Westbrook Realty				969,000	1	0.73%
Terra Co., LLC				735,300	4	0.55%
Homestead Farm Assoc., LLC				671,900	5	0.51%
United Telephone Co. of NJ., Inc.				502,692	8	0.38%
Total	<u>\$ 7,247,400</u>		<u>4.58%</u>	<u>\$ 6,559,992</u>		<u>4.94%</u>

Source: District CAFR & Municipal Tax Assessor

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

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$4,162,083	\$4,162,083	100.00%	-
2007	\$4,302,865	\$4,302,865	100.00%	-
2008	\$4,555,030	\$4,555,030	100.00%	-
2009	\$4,636,549	\$4,636,549	100.00%	-
2010	\$6,002,019	\$6,002,019	100.00%	-
2011	\$6,242,100	\$6,242,100	100.00%	-
2012	\$6,238,000	\$6,238,000	100.00%	-
2014	\$6,362,000	\$6,362,000	100.00%	-
2014	\$6,489,000	\$6,489,000	100.00%	-
2015	\$6,618,000	\$6,618,000	100.00%	-

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

Note:

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

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

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2006	-0-	-0-	\$ 117,874	-0-	\$ 117,874	0.04%	\$15.70
2007	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2008	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2009	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2010	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2011	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2012	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2013	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2014	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2015	-0-	-0-	-0-	-0-	-0-	-0-	-0-

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

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

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

**Blairstown Township School District
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years**

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	Bond Anticipation Notes (BANs)	Deductions	Net General Bonded Debt Outstanding		
2006	\$ 117,874	-0-	\$ 117,874	\$ 0	\$ 16
2007	-0-	-0-	-0-	-0-	-0-
2008	-0-	-0-	-0-	-0-	-0-
2009	-0-	-0-	-0-	-0-	-0-
2010	-0-	-0-	-0-	-0-	-0-
2011	-0-	-0-	-0-	-0-	-0-
2012	-0-	-0-	-0-	-0-	-0-
2013	-0-	-0-	-0-	-0-	-0-
2014	-0-	-0-	-0-	-0-	-0-
2015	-0-	-0-	-0-	-0-	-0-

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

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

R Revised

* Current data unavailable

**Blairstown Township School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2015**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Blairstown Township	\$ 2,710,758	100.000%	\$ 2,710,758
Hardwick Township	806,770	100.000%	806,770
North Warren Regional School District	-	0.000%	-
Other debt			
Warren County (Includes apportionment for Blairstown and Hardwick Townships)	5,310,000	8.475%	<u>450,037</u>
Subtotal, overlapping debt			3,967,565
Blairstown School District Direct Debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ 3,967,565</u></u>

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

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

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

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

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2015

	Equalized valuation basis
	2012 938,925,110
	2013 895,149,724
	2014 903,135,112
	[A] <u>\$ 2,737,209,946</u>
Average equalized valuation of taxable property	[A/3] \$ 912,403,315
Debt limit (2 1/2 % of average equalization value)	[B] 22,810,083
Net bonded school debt	[C] -
Legal debt margin	[B-C] <u>\$ 22,810,083</u>

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010 *</u>	<u>2011 *</u>	<u>2012 *</u>	<u>2013 *</u>	<u>2014 *</u>	<u>2015 *</u>
Debt limit	\$17,242,123	\$19,506,730	\$21,721,072	\$23,098,152	\$29,489,866	\$28,534,756	\$26,996,258	\$25,247,472	\$23,634,225	\$22,810,083
Total net debt applicable to limit										-
Legal debt margin	<u>\$17,242,123</u>	<u>\$19,506,730</u>	<u>\$21,721,072</u>	<u>\$23,098,152</u>	<u>\$29,489,866</u>	<u>\$28,534,756</u>	<u>\$26,996,258</u>	<u>\$25,247,472</u>	<u>\$22,743,538</u>	<u>\$22,810,083</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

*

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

**Blairstown Township School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2006	7,510	\$ 304,951,060	\$40,606 R	4.6%
2007	7,515	\$ 321,957,630	\$42,842 R	4.2%
2008	7,546	\$ 332,929,520	\$44,120 R	5.6%
2009	7,560	\$ 331,611,840	\$43,864 R	9.3%
2010	7,545	\$ 331,693,290	\$43,962 R	9.5%
2011	7,660	\$ 352,896,200	\$46,070 R	8.8%
2012	7,612	\$ 366,251,380	\$48,115 R	8.6%
2013	7,555	\$ 370,497,200	\$49,040 R	8.0%
2014	7,503	\$ 367,947,120	\$49,040 *	5.9%
2015	7,499	\$ 367,750,960	\$49,040 *	*

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development;
Includes Blairstown and Hardwick Townships

^b Personal income provided by US Dept Commerce

^c Per Capita provided by NJ Dept of Labor

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

R =Revised

* Current data unavailable

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

**Exhibit J-15
N/A**

<u>Employer</u>	<u>2015</u>			<u>2006</u>		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>
		1	0.00%	-		0.00%
		2	0.00%	-		0.00%
		3	0.00%	-		0.00%
		4	0.00%	-		0.00%
		5	0.00%	-		0.00%
		6	0.00%	-		0.00%
		7	0.00%	-		0.00%
		8	0.00%	-		0.00%
		9	0.00%	-		0.00%
		10	0.00%	-		0.00%
	-			-		0.00%
	-			-		0.00%
	-			-		0.00%
	-		0.00%	-		0.00%

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

**Blairstown Township School District
 Full-time Equivalent District Employees by Function/Program,
 Last Ten Fiscal Years**

Exhibit J-16

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	40.5	40.5	38.0	42.0	36.2	36.0	37.1	36.8	33.0	33.0
Special education	9.0	9.6	12.0	11.0	10.5	10.5	11.5	11.7	12.4	12.3
Other instruction	8.5	8.5	8.0	6.5	3.8	5.0	8.0	2.0	6.0	6.0
Support Services:										
Tuition										
Student & instruction related services	24.0	30.0	37.6	28.0	37.0	28.7	27.0	35.7	28.8	27.5
General administrative services	6.0	6.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative services	1.0	1.0	3.0	3.0	3.0	2.5	2.2	3.2	3.2	3.2
Business administrative services	1.0	1.0	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Plant operations and maintenance	5.5	5.5	5.5	5.2	5.2	4.4	4.3	4.3	4.3	4.3
Pupil transportation	2.0	2.0	1.0	1.2	1.2	1.5	1.8	1.8	1.8	1.8
Total	97.5	104.1	108.5	100.4	100.4	92.1	95.3	99.0	93.0	91.6

Source: District Personnel Records

**Blairstown Township School District
Operating Statistics
Last Ten Fiscal Years**

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary				
2006	756	\$ 7,504,486	\$ 9,927	5.54%	99	12.6:1	741.5	708.6	-1.40%	95.6%
2007	744	\$ 8,300,918	\$ 11,157	12.40%	61	12.2:1	740.0	704.3	-0.20%	95.2%
2008	763	\$ 8,608,139	\$ 11,282	1.12%	61	12.5:1	755.7	718.3	2.12%	95.1%
2009	734	\$ 8,685,504	\$ 11,833	4.89%	61	12.0:1	701.7	673.7	-7.15%	96.0%
2010	632	\$ 9,042,975	\$ 14,309	20.92%	61	10.4:1	631.8	605.2	-9.96%	95.8%
2011	634	\$ 8,407,695	\$ 13,261	-7.32%	57	11.1:1	637.1	604.6	0.84%	94.9%
2012	604	\$ 8,938,668	\$ 14,799	11.60%	56	10.8:1	598.8	570.3	-6.01%	95.2%
2013	554	\$ 8,966,733	\$ 16,185	9.37%	50	10.8:1	554.8	524.7	-7.35%	94.6%
2014	532	\$ 8,856,284	\$ 16,647	2.85%	51	10.4:1	532.6	505.8	-4.00%	95.0%
2015	542	\$ 8,977,278	\$ 16,563	-0.50%	51	10.6:1	541.7	516.3	1.71%	95.3%

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

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b Teaching staff includes only full-time equivalents of certificated staff. Prior to 2014, amount include aides.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS)

**Blairstown Township School District
School Building Information
Last Ten Fiscal Years**

Exhibit J-18

<u>District Building</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2014</u>	<u>2014</u>	<u>2015</u>
<u>Elementary</u>										
Blairstown Elementary (1929)										
Square Feet	78,762	78,762	78,762	78,762	78,762	78,762	78,762	78,762	78,762	78,762
Capacity (students)	510.0	510.0	510.0	510.0	510.0	510.0	510.0	510.0	510.0	510.0
Enrollment	756.0	744.0	763.0	734.0	632.0	634.0	604.0	554.0	532.0	541.7

Number of Schools at June 30, 2015

Source: District records, ASSA

Elementary = 1

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
Last Ten Fiscal Years Ending June 30, 2015

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>
Blairstown Elementary	040	\$52,718	\$96,108	\$63,005	\$92,066	\$130,221	\$186,450	\$285,555	\$198,270	\$282,710	\$268,546	\$1,602,931
Total School Facilities		52,718	96,108	63,005	92,066	130,221	186,450	285,555	198,270	282,710	268,546	251,179
Other Facilities												
Grand Total		\$52,718	\$96,108	\$63,005	\$92,066	\$130,221	\$186,450	\$285,555	\$198,270	\$282,710	\$268,546	\$1,602,931

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

INSURANCE SCHEDULE
JUNE 30, 2015
UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
SCHOOL PACKAGE POLICY - NJSBAIG		
*Property-Blanket Building and Contents	\$ 350,000,000	\$ 1,000
Comprehensive General Liability	11,000,000	
Comprehensive Automobile Liability	11,000,000	1,000
Comprehensive Crime Coverage	100,000	500
SCHOOL BOARD LEGAL LIABILITY - NJSBAIG		
Directors and Officers Policy	11,000,000	5,000
PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE		
BLANKET POSITION BOND - Selective Insurance		
Board Administrator	25,000	
Treasurer	200,000	

* New Jersey School Boards Association Insurance Group (NJSBAIG)

SOURCE: District Records

Single Audit Section



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 Douglas R. Williams, CPA, RMA, PSA

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

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

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, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Blairstown Township School District Board of Education in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Blairstown Township School District Board of Education's basic financial statements, and have issued our report thereon dated November 16, 2015.

Internal Control Over Financial Reporting

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

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

-Continued-

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

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 for New Jersey Department of Education use, 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.

Ardito & Co., LLP

ARDITO & CO., LLP
November 16, 2015

Cynthia Corder

Licensed Public School Accountant No.2369



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Anthony Ardito, CPA, RMA, CMFO, PSA
 Douglas R. Williams, CPA, RMA, PSA

Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB circulars 04-04 and 15-08

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited the Blairstown Township School District Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB circulars 04-04 and 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2015. The Blairstown Township School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major 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; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB Circulars 04-04 and 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred.

An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

-Continued-

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

Opinion on Each Major State Program

In our opinion, the Blairstown Township School District 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 state programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Blairstown Township School District 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 District's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circulars 04-04 and 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Blairstown Township School District Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *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 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 New Jersey OMB circulars 04-04 and 15-08, and for New Jersey Department of Education use. Accordingly, this report is not suitable for any other purpose.

ARDITO & Co., LLP

ARDITO & CO., LLP

November 16, 2015

Anthony Ardito

Licensed Public School Accountant No.2369

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2015

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2014	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2015			MEMO		
										(ACCTS. RECEIV.)	INTERFUND PAYABLE/ DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
State Department of Education															
General Fund															
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	\$ 1,333,417			\$ 1,333,417	\$ (1,333,417)							\$ 130,445	\$ 1,333,417
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	70,649			70,649	(70,649)							6,911	70,649
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	351,956			351,956	(351,956)							34,431	351,956
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	52,071			52,071	(52,071)							5,094	52,071
Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	115,626			115,626	(115,626)							11,311	115,626
Add'l Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	39,578			39,578	(39,578)							3,872	39,578
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	5,230			5,230	(5,230)							512	5,230
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	5,230			5,230	(5,230)							512	5,230
Extraordinary Aid	15-495-034-5120-044	7/1/14-6/30/15	18,807				(18,807)			\$ (18,807)					18,807
Extraordinary Aid	14-495-034-5120-044	7/1/13-6/30/14	16,272	\$ (16,272)		16,272									-
Non-Public Transportation Aid	15-100-034-5120-068	7/1/14-6/30/15	2,782				(2,782)			(2,782)					2,782
Non-Public Transportation Aid	14-100-034-5120-068	7/1/13-6/30/14	5,640	(5,471)		5,640	(169)								169
On-behalf TPAF Pension Contrib.	15-495-034-5094-006	7/1/14-6/30/15	220,384			220,384	(220,384)								220,384
Reimb. TPAF Soc.Secur.Contrib.	15-495-034-5094-003	7/1/14-6/30/15	274,575			260,860	(274,575)			(13,715)					274,575
Total General Fund				(21,743)		2,476,913	(2,490,474)			(35,304)				193,088	2,490,474
Capital Projects Fund:															
SDA Grant - Door Replacement Project	SP#0400-030-13-G2TO	6/3/14-6/30/15	51,400				(51,361)			(51,361)					51,361
SDA Grant - HVAC/Stair/ADA Door Lock	SP#0400-030-09-0ZJR	7/1/09-6/30/10	125,495	(40)				\$ 40		-					
Total Capital Projects Fund				(40)			(51,361)	40		(51,361)					51,361
State Department of Agriculture															
Enterprise Fund:															
Nat.School Lunch Prog.(State Share)	14-100-034-5120-122	7/1/13-6/30/14		(90)		90									
Nat.School Lunch Prog.(State Share)	15-100-034-5120-122	7/1/14-6/30/15	1,255			1,138	(1,255)			(117)					1,255
Total Enterprise Fund				(90)		1,228	(1,255)			(117)					1,255
Total State Financial Assistance				\$ (21,873)		\$ 2,478,141	\$ (2,543,090)	40		\$ (86,782)				\$ 193,088	\$ 2,543,090

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

NOTES TO THE SCHEDULES OF FEDERAL AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2015

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$3,120 for the general fund and \$-0- for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF FEDERAL AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2015

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 110,661	\$ 2,848,625	\$ 2,959,286
Special Revenue Fund	289,249	-	289,249
Capital Projects Fund		51,321	51,321
Food Service Fund	<u>42,327</u>	<u>1,255</u>	<u>43,582</u>
Total Financial Assistance	<u>\$ 442,237</u>	<u>\$ 2,901,201</u>	<u>\$ 3,343,438</u>

NOTE 4. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2015. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Part I - Summary of Auditor's Results

Financial Statement Section

- A) Type of auditor's report issued: Unmodified

- B) Internal control over financial reporting:
 - 1) Material weakness(es) identified? ___ Yes x No
 - 2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes
x None Reported

- C) Noncompliance material to financial statements noted? ___ Yes x No

Federal Awards Section

N/A

- D) Dollar threshold used to determine Type A programs: N/A

- E) Auditee qualified as low-risk auditee? ___ Yes ___ No

- F) Type of auditor's report on compliance for major programs: N/A

- G) Internal Control over compliance:
 - 1) Material weakness(es) identified? ___ Yes ___ No
 - 2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes ___ No

- H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133(Section .510(a))? ___ Yes ___ No

- I) Identification of major programs:

CFDA NUMBER(S)

NAME OF FEDERAL PROGRAM OR CLUSTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Section II-Financial Statement Findings

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

Section III - State Financial Assistance Findings and Questioned Costs

STATE FINANCIAL ASSISTANCE-There were no state financial assistance findings or questioned costs that are required to be reported in accordance with NJOMB Circular 04-04 or 15-08.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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