

**BRANCBURG BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Branchburg, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Branchburg Board of Education**

**Branchburg, New Jersey**

**For The Fiscal Year Ended June 30, 2012**

**Prepared by**

**Business Office**

**BRANCBURG BOARD OF EDUCATION  
TABLE OF CONTENTS**

**Page**

**INTRODUCTORY SECTION**

Letter of Transmittal	i-viii
Organizational Chart	ix
Roster of Officials	x
Consultants and Advisors	xi

**FINANCIAL SECTION**

Independent Auditor's Report	1-2
------------------------------	-----

**REQUIRED SUPPLEMENTARY INFORMATION- PART I**

Management's Discussion and Analysis	3-15
--------------------------------------	------

**Basic Financial Statements**

**A. District-wide Financial Statements**

A-1	Statement of Net Assets	16
A-2	Statement of Activities	17

**B. Fund Financial Statements**

*Governmental Funds*

B-1	Balance Sheet	18
B-2	Statement of Revenues, Expenditures, and Changes in Fund Balances	19
B-3	Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances With the District-Wide Statements	20

*Proprietary Funds*

B-4	Statement of Net Assets	21
B-5	Statement of Revenues, Expenses, and Changes in Net Assets	22
B-6	Statement of Cash Flows	23

*Fiduciary Funds*

B-7	Statement of Fiduciary Net Assets	24
B-8	Statement of Changes in Fiduciary Net Assets	25

<b>Notes to the Basic Financial Statements</b>	26-52
--	-------

**BRANCBURG BOARD OF EDUCATION  
TABLE OF CONTENTS**

**Page**

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**C. Budgetary Comparison Schedules**

C-1	Budgetary Comparison Schedule – General Fund	53-59
C-1A	Budgetary Comparison Schedule – Education Jobs Fund – General Fund	60
C-2	Budgetary Comparison Schedule – Special Revenue Fund	61
C-3	Notes to Required Supplementary Information – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP) and Actual	62

**OTHER SUPPLEMENTARY INFORMATION**

**D. School Level Schedules – Not Applicable**

**E. Special Revenue Fund**

E-1	Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	63-64
E-2	Preschool Education Program Aid Schedule of Expenditures – Budgetary Basis – Not Applicable	65

**F. Capital Projects Fund**

F-1	Summary Schedule of Project Expenditures	66
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	67
F-2A-		
F-2O	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis	68-82

**G. Proprietary Funds**

<i>Enterprise Fund</i>		
G-1	Combining Statement of Net Assets – Not Applicable	83
G-2	Combining Statement of Revenues, Expenses and Changes in Net Assets – Not Applicable	83
G-3	Combining Statement of Cash Flows – Not Applicable	83

**BRANCHBURG BOARD OF EDUCATION  
TABLE OF CONTENTS**

Page

**H. Fiduciary Funds**

H-1	Combining Statement of Net Assets	84
H-2	Statement of Changes in Net Assets – Not Applicable	85
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	86
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	86

**I. Long-Term Debt**

I-1	Schedule of Serial Bonds Payable	87-88
I-2	Schedule of Obligations under Capital Lease/Lease Purchase Agreements	89
I-3	Debt Service Fund Budgetary Comparison Schedule	90

**J. STATISTICAL SECTION (Unaudited)**

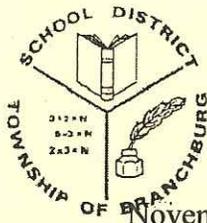
J-1	Net Assets by Component	91
J-2	Changes in Net Assets	92-93
J-3	Fund Balances – Governmental Funds	94
J-4	Changes in Fund Balances - Governmental Funds	95-96
J-5	General Fund Other Local Revenue by Source	97
J-6	Assessed Value and Actual Value of Taxable Property	98
J-7	Direct and Overlapping Property Tax Rates	99
J-8	Principal Property Taxpayers	100
J-9	Property Tax Levies and Collections	101
J-10	Ratios of Outstanding Debt by Type	102
J-11	Ratios of Net General Bonded Debt Outstanding	103
J-12	Direct and Overlapping Governmental Activities Debt	104
J-13	Legal Debt Margin Information	105
J-14	Demographic and Economic Statistics	106
J-15	Principal Employers	107
J-16	Full-Time Equivalent District Employees by Function/Program	108
J-17	Operating Statistics	109
J-18	School Building Information	110
J-19	Schedule of Required Maintenance Expenditures by School Facilities	111
J-20	Insurance Schedule	112

**BRANCBURG BOARD OF EDUCATION  
TABLE OF CONTENTS**

Page

<b>K. SINGLE AUDIT SECTION</b>		
K-1	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	113-114
K-2	Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and New Jersey OMB Circular 04-04 – Independent Auditor’s Report	115-116
K-3	Schedule of Expenditures of Federal Awards	117
K-4	Schedule of Expenditures of State Financial Assistance	118
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	119-120
K-6	Schedule of Findings and Questioned Costs	121-125
K-7	Summary Schedule of Prior Year Findings and Questioned Costs	126

## **INTRODUCTORY SECTION**



# BRANCHBURG TOWNSHIP SCHOOL DISTRICT

*"Excellence in Education"*

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

November 19, 2012

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

Dear Board Members:

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

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

- The Introductory Section includes this Letter of Transmittal, the District's Organizational Chart and Roster of Officials.
- The Financial Section includes the Independent Auditors' Report, the Management's Discussion and Analysis, and the Basic Financial Statements, Notes, and other schedules that provide an overview of the District's financial position.
- The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.
- The Single Audit Section includes the Auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State Local Governments, and nonprofit organizations", and the state Treasury Circular

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

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

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

The District had a K-8 enrollment of 1,737 during the 2011-2012 school year, a decrease of 59 students over the previous school year.

**K - 8 ENROLLMENT**

<u>Year</u>	<u>Enrollment</u>	<u>Percent Changes</u>
2001-02	1,901	3.00 %
2002-03	1,910	0.47 %
2003-04	1,948	1.99 %
2004-05	1,998	2.57 %
2005-06	1,959	(1.95%)
2006-07	1,950	(0.45%)
2007-08	1,897	(2.72%)
2008-09	1,829	(3.58%)
2009-10	1,825	(0.22%)
2010-11	1,796	(1.59%)
2011-12	1,737	(3.29%)

In addition to the aforementioned grades K-8 enrollment, the District had an additional 785 pupils in 2011-2012 who attended Somerville High School and out of district special education programs on a tuition basis.

For the 2011-12 school year, the district was configured as follows:

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

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

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

## 2. 2011-2012 MAJOR INITIATIVES:

The Branchburg Township School District provides an extensive program for professional development of district staff in accordance with the District's approved Local Professional Development Plan, Mentoring for Quality Induction Plan, and Strategic Plan goals. As a school district, we believe that the fundamental purpose of staff development is to increase student achievement by developing teachers' knowledge and instructional skills in order to provide all students with the opportunity to meet and achieve performance benchmarks for the Core Curriculum Content Standards.

During the 2011-2012 academic year, the district offered in-house workshops, site-based coaching and training, curriculum development opportunities and approved and supported staff attendance at local and State workshops and conferences. In combination, these offerings meet the professional development needs of staff identified in the Local Professional Development Plan and Mentoring for Quality Induction Plan; the district's Strategic Plan goals for curriculum and instruction; school level objectives; and teachers' individual Professional Development Plans. Participants' formative feedback and evaluation surveys of their professional development experiences were used to determine if the District's professional development program met 2011-2012 goals and to identify needs and goals for the subsequent school year.

The Director of Instructional Services also provided leadership and facilitation of curriculum writing teams charged with revision of content area curriculum in accordance with the District's Five Year Curriculum Renewal Plan and New Jersey Department of Education timeline. Curriculum development and revision projects to align core curriculum with the Core Curriculum Content Standards were completed in K-2 Mathematics, K-8 Science, Technology Education/Engineering, and 21<sup>st</sup> Century Life and Careers (Financial Literacy).

Extensive training was provided to implement the Common Core ELA and math standards, integrate cross-content literacy, and develop standards-based assessments and grading. Further development and utilization of the Professional Learning Community model for collaborative planning to support student achievement was a continued focus. Teachers also provided training by teaching professional development courses through the District's Professional Learning Institute. Institute courses are aligned with the New Jersey Professional Development Standards, the NJ Professional Standards for Teachers, and NCLB Key Elements of High Quality Professional Development. Courses are organized in strands which focus coursework in four domains of professional practice: Content, Knowledge, Instructional Pedagogy, and Assessment; Learning Environment – The Classroom, the School, and the Community; Diverse and Inclusive Learning

Environments; and Technology for Integration into Classroom Teaching and Learning. Coursework is also “tiered” or differentiated to address the range of professional learning needs from novice to experienced teachers.

Evaluation and revision of the district’s Gifted and Talented Education program was completed in 2011-12 through the work of a districtwide committee of parents, teachers, and administrators.

#### School wide Enrichment/Co-Curricular Programs and Activities:

In addition to the rich academic program provided by the District, students also have an opportunity to participate in a wide variety of school wide enrichment and co-curricular/extracurricular activities as follows:

- Elementary and Middle School (Grades 3-8): Band, Jazz Band, Strings, Chorus, School Yearbook, Drama Club, Art Club.
- Middle School (Grades 6-8): Girls and Boys Soccer, Basketball, Lacrosse, Softball, Baseball, Student Council, Teen Arts, MathCounts Competition Team, Robotics, Art Club, Woodwind Ensemble.
- Grades K-8 School wide Enrichment: School wide and grade level assembly programs and guest speakers, “Interest-based” clubs or clusters and school wide/grade-level events such as Author’s Day, Geography Day, Career Day, Talent Showcase, Geography Olympiad, I Love Learning Day, Community Day, poetry contests, school newspaper, gardening club, Space Day, and a variety of community service projects.
- Pre-K-8 grade level field trips (2-3 per grade level) are aligned with grade level curriculum in social studies, science, the performing arts, and language arts literacy.

The Board and Administration developed the following District and Board Goals for 2011-2012 and the achievement of each goal is noted.

#### District:

1. Starting October 2011, the new state adopted Core Curriculum Standards will be implemented in each grade in every subject, K-8.

Achievement: All teachers implemented the mandated core curriculum content standards in all classes, K-8. The District also developed a new report card for K-5 which is a Standards Based reporting system for parents.

2. Professional Learning Communities in grades K-8 will meet weekly to discuss and implement the new Core Curriculum Standards, develop benchmarks and

formative assessments, and implement strategies for students not mastering the standard as well as for students who already have mastered the standard.

Achievement: All staff met weekly in PLCs to discuss and implement the new core curriculum standards, develop benchmarks and formative assessments, and implement strategies for students not yet mastering the Standards.

3. A bullying free environment will be enforced in all schools and we will follow both the new HIB law as well as the newly adopted HIB Policy.

Achievement: The District expanded the Willow Tree program for peer leaders at the Middle School; all K-5 staff stressed the codes of conduct as related to bullying and the District implemented procedures to follow the mandates and timelines established by the State for HIB.

4. 20% of all students at each grade level will increase their proficiency on the NJASK test in Language Arts and Mathematics by moving from the proficient level to the advanced proficient level.

Achievement: Progress was made on this ambitious goal. The average increase from proficiency to advanced proficiency for most grades was 13% in mathematics and 3% in language arts literacy.

5. 20% of all students at each grade level will increase their proficiency on the NJASK test in Language Arts and Mathematics by moving from the partially proficient to the proficient level.

Achievement: Progress was made on this goal. In every grade, the percentage of students scoring partially proficient decreased in both mathematics and language arts literacy

#### Board:

1. Expand dialogue with other Boards of Education to investigate possibilities of additional Shared Services.

Achievement: District successfully shared transportation operations with Readington School District and expanded transportation jointure with Somerville and other neighboring districts.

2. The Board of Education will conduct a search for a permanent Superintendent of Schools.

Achievement: Completed. The District hired Dr. Carol Kelley as the District's permanent Superintendent of Schools.

3. The Board of Education will produce a fiscally responsible budget that meets the needs of the educational community.

Achievement: District produced a budget that reduced tax levy for the third year in the row while restoring world language teachers at the elementary school, maintaining class size, and supporting the District's exceptional educational programs.

4. The District will develop and implement a permanent solution for the leadership of Special Services.

Achievement: Completed. The District hired Ms. Carol Webb as Supervisor of Pupil Personnel Services.

5. Develop, budget and implement a plan to upgrade IT and educational technology K-8 with appropriate resources and staffing.

Achievement: Completed. The District hired Mr. Lucian Micu as Supervisor of Technology.

#### District and Board Goal:

1. The Board and Administration will review, update and adopt existing policies and regulations, add new and mandated policies and regulations, submit policies and regulations to Strauss Esmay for publication and post all adopted policies and regulations on the District website.

Achievement: Progress was made with the District working closely with Strauss Esmay to audit the District's policies and establish a process to update and maintain the District's policies and regulations.

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

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

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

4. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriations budget approved by the voters of the municipality. Annual appropriations budgets are adopted for the general fund, the special revenue fund, and the debt service fund. The final budget amount as amended for the fiscal year ended June 30, 2012 is reflected in the financial section.

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

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

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

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

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

During the fiscal year ended June 30, 2012, the District incurred \$1,205,626 in interest expense and made \$1,045,000 in principal payments related to its outstanding serial bonds.

7. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 4. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

9. OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of *Lerch, Vinci & Higgins of Fair Lawn, New Jersey* will perform this service. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the basic and fund financial statements are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of the report.

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

Respectfully submitted,

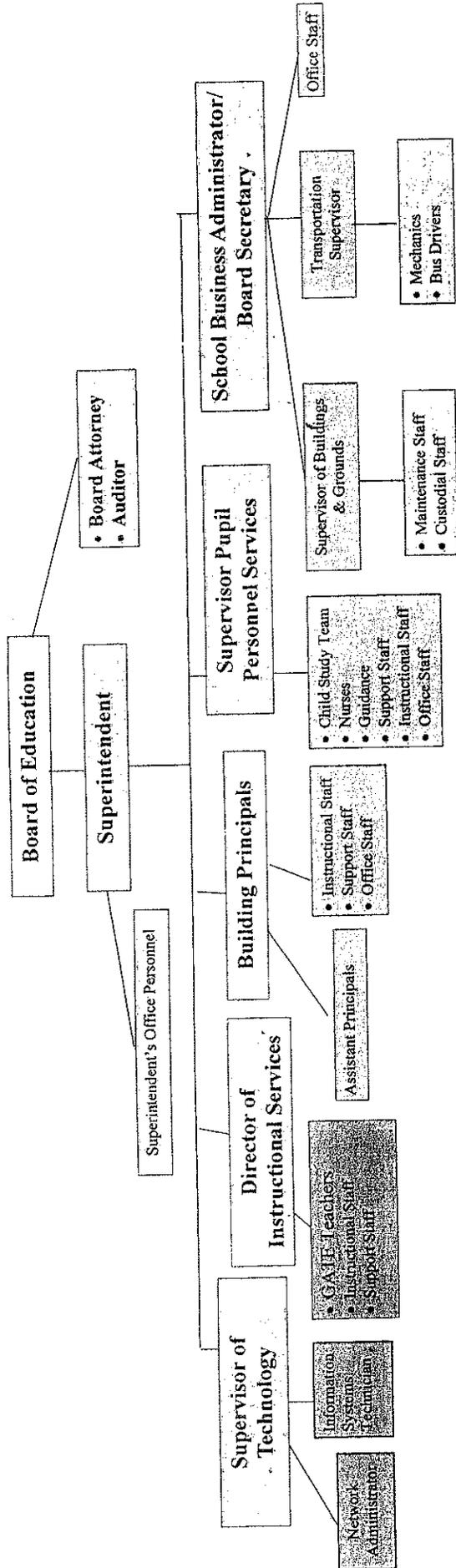
*Carol L. Kelley*

Carol L. Kelley  
Superintendent of Schools

*Katherine P. Attwood*

Katherine P. Attwood  
Business Administrator/Board  
Secretary

Branchburg Township School District  
1110 ORGANIZATIONAL CHART



10/26/2012 dlm

**BRANCBURG TOWNSHIP BOARD OF EDUCATION  
BRANCBURG, NEW JERSEY  
ROSTER OF OFFICIALS**

**JUNE 30, 2012**

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
David Rehe, President	January, 2013
Patricia Santos, Vice President	January 2013
Edward Chelel, Vice President	January, 2015
Jack Dempsey	January, 2014
Terri Joyce	January, 2013
Nandita Kamdar	January, 2015
Melissa Looby	January 2014
Carmelo Noto	January 2015
William Wright	January 2013
 <u>OTHER OFFICIALS</u>	
Carol Conger, Interim Superintendent of Schools	
Katherine P. Attwood, School Business Administrator/Board Secretary	
David B. Rubin, Esq., Solicitor	
Karen Conant, Director of Curriculum and Instruction	
Walter Oberwanowicz, Director of Student Services (July 1, 2011-December 31, 2011)	
Rebecca Gensel, Principal, Whiton Elementary School	
Frank Altmire, Principal, Stony Brook School	
Matthew Barbosa, Principal, Branchburg Central Middle School	

**BRANCBURG TOWNSHIP BOARD OF EDUCATION  
CONSULTANTS AND ADVISORS**

**ARCHITECT**

No architect of record

**AUDIT FIRM**

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**FINANCIAL SECTION**

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EDWARD N. KERE, CPA

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Trustees  
Branchburg Board of Education  
Branchburg, New Jersey

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Branchburg Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Branchburg Board of Education's basic financial statements as a whole. The introductory section, combining fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining fund financial statements and schedules of expenditures of federal awards and state financial assistance have 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 fund financial statements and schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section, financial schedules and statistical section 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.

*Lerch, Vinci & Higgins, LLP*

LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants



Donna L. Japhet  
Public School Accountant  
PSA Number CS002314

Fair Lawn, New Jersey  
November 19, 2012

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# **BRANCHBURG BOARD OF EDUCATION**

## **Management's Discussion and Analysis**

This section of the Branchburg Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2011-2012 fiscal year include the following:

- The net assets of the Branchburg Board of Education was \$17,077,894 at the close of the fiscal year.
- Overall district revenues were \$45,175,213. General revenues accounted for \$38,891,652 or 86% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$6,283,561 or 14% of total revenues.
- The school district had \$42,817,804 in expenses for governmental activities; only \$5,524,259 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$38,889,791 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$4,721,253.
- The General Fund fund balance at June 30, 2012 was \$4,577,001, an increase of \$1,687,409 from the June 30, 2011 balance.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.

# BRANCBURG BOARD OF EDUCATION

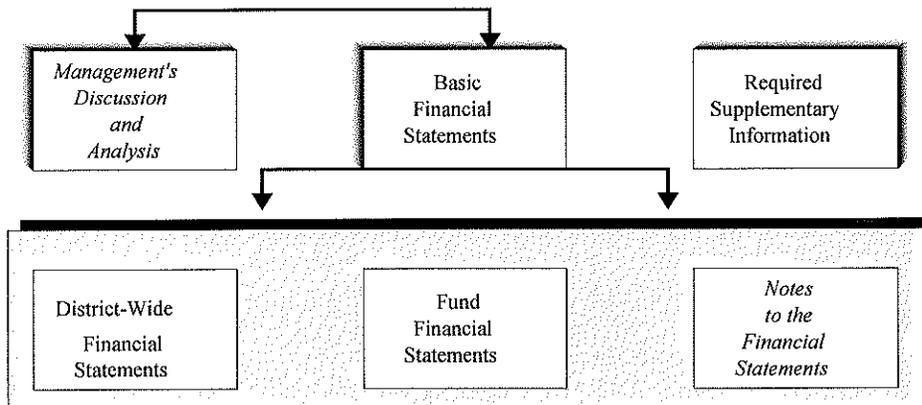
## Management's Discussion and Analysis

### OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- The governmental funds statements tell how basic services were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short-term and long-term financial information about the activities the district operated like businesses.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1



# BRANCBURG BOARD OF EDUCATION

## Management's Discussion and Analysis

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

**Figure A-2**

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as instruction, special education, building maintenance and community education	Activities the district operates similar to private businesses: and enterprise funds	Instances in which the district administers resources on behalf of someone else, such as unemployment, payroll agency, and student activities
Required financial statements	Statements of net assets Statement of activities	Balance Sheet Statement of revenues, expenditures and changes in fund balances	Statement of net assets Statement of revenues, expenses, and changes in fund net assets Statement of cash flows	Statements of fiduciary net assets Statement of changes in fiduciary net assets
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term funds do not currently contain capital assets.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or Paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

### District-wide financial statements

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

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

# BRANCHBURG BOARD OF EDUCATION

## Management's Discussion and Analysis

### District-wide financial statements (continued)

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

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration and plant operations and maintenance. Property taxes and state aids finance most of these activities.
- *Business type activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The District's Food Service Fund and Community Education Program Fund are included under this category.

### Fund financial statements

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

- Some funds are required by State law and bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.

- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.

# BRANCHBURG BOARD OF EDUCATION

## Management's Discussion and Analysis

### Fund financial statements (continued)

*Enterprise Funds* – These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has two enterprise funds.

- Food Service (Cafeteria)
- Community Education

• *Fiduciary funds* – The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

### Notes to the basic financial statements

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

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual expenditure budget for the general, special revenue and debt service funds. A budgetary comparison statement has been provided for these funds as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons.

### DISTRICT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$17,077,894 as of June 30, 2012. See Table A-1.

# BRANCHBURG BOARD OF EDUCATION

## Management's Discussion and Analysis

By far the largest portion of the District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Table A-1**  
**Statement of Net Assets**  
**As of June 30, 2012 and 2011**

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Current and Other Assets	\$ 6,529,761	\$ 5,368,712	\$ 342,968	\$ 230,383	\$ 6,872,729	\$ 5,599,095
Capital Assets	<u>41,535,239</u>	<u>21,737,749</u>	<u>104,401</u>	<u>122,634</u>	<u>41,639,640</u>	<u>21,860,383</u>
<b>Total Assets</b>	<u>48,065,000</u>	<u>27,106,461</u>	<u>447,369</u>	<u>353,017</u>	<u>48,512,369</u>	<u>27,459,478</u>
Other Liabilities	2,039,769	2,157,830	110,036	61,236	2,149,805	2,219,066
Long-Term Debt Outstanding	<u>29,284,670</u>	<u>30,353,884</u>	<u>-</u>	<u>-</u>	<u>29,284,670</u>	<u>30,353,884</u>
<b>Total Liabilities</b>	<u>31,324,439</u>	<u>32,511,714</u>	<u>110,036</u>	<u>61,236</u>	<u>31,434,475</u>	<u>32,572,950</u>
Net Assets:						
Invested in capital assets, net						
of related debt	13,154,132	(7,809,967)	104,401	122,634	13,258,533	(7,687,333)
Restricted	1,546,991	937,178			1,546,991	937,178
Unrestricted	<u>2,039,438</u>	<u>1,467,536</u>	<u>232,932</u>	<u>169,147</u>	<u>2,272,370</u>	<u>1,636,683</u>
<b>Total Net Assets</b>	<u>\$ 16,740,561</u>	<u>\$ (5,405,253)</u>	<u>\$ 337,333</u>	<u>\$ 291,781</u>	<u>\$ 17,077,894</u>	<u>\$ (5,113,472)</u>

# BRANCHBURG BOARD OF EDUCATION

## Management's Discussion and Analysis

**Table A-2**  
**Changes in Net Assets**  
**For the Fiscal Years Ended June 30, 2012 and 2011**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 181,050	\$ 140,274	\$ 652,279	\$ 696,465	\$ 833,329	\$ 836,739
Operating Grants and Contributions	5,330,011	4,422,591	107,023	101,447	5,437,034	4,524,038
Capital Grants and Contributions	13,198	441,526			13,198	441,526
<b>General Revenues</b>						
Property Taxes	38,629,260	38,869,040			38,629,260	38,869,040
State and Federal Aid	45,976	46,279			45,976	46,279
Other	214,555	174,483	1,861	1,821	216,416	176,304
<b>Total Revenues</b>	<b><u>44,414,050</u></b>	<b><u>44,094,193</u></b>	<b><u>761,163</u></b>	<b><u>799,733</u></b>	<b><u>45,175,213</u></b>	<b><u>44,893,926</u></b>
<b>Expenses</b>						
<b>Instruction</b>						
Regular	\$ 21,351,844	21,578,746			21,351,844	21,578,746
Special Education	7,004,098	7,068,084			7,004,098	7,068,084
Other Instruction	1,351,578	1,267,377			1,351,578	1,267,377
School Sponsored Activities and Athletics	159,147	165,574			159,147	165,574
<b>Support Services</b>						
Student and Instruction Related Serv.	4,021,577	4,137,990			4,021,577	4,137,990
General Administrative Services	779,619	724,148			779,619	724,148
School Administrative Services	1,575,222	1,876,725			1,575,222	1,876,725
Plant Operations and Maintenance	1,888,476	2,217,271			1,888,476	2,217,271
Pupil Transportation	2,570,788	2,244,168			2,570,788	2,244,168
Business and Other Support Services	845,897	765,201			845,897	765,201
Interest on Long-Term Debt	1,269,558	1,231,818			1,269,558	1,231,818
Food Services			658,318	690,981	658,318	690,981
Community Education	-	-	57,293	67,365	57,293	67,365
<b>Total Expenses</b>	<b><u>42,817,804</u></b>	<b><u>43,277,102</u></b>	<b><u>715,611</u></b>	<b><u>758,346</u></b>	<b><u>43,533,415</u></b>	<b><u>44,035,448</u></b>
<b>Change in Net Assets</b>	<b>1,596,246</b>	<b>817,091</b>	<b>45,552</b>	<b>41,387</b>	<b>1,641,798</b>	<b>858,478</b>
<b>Net Assets, Beginning of Year</b>	<b>(5,405,253)</b>	<b>(6,222,344)</b>	<b>291,781</b>	<b>250,394</b>	<b>(5,113,472)</b>	<b>(5,971,950)</b>
<b>Prior Period Adjustment - Capital Assets</b>	<b><u>20,549,568</u></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b><u>20,549,568</u></b>	<b>-</b>
<b>Net Assets, End of Year</b>	<b><u>\$ 16,740,561</u></b>	<b><u>\$ (5,405,253)</u></b>	<b><u>\$ 337,333</u></b>	<b><u>\$ 291,781</u></b>	<b><u>\$ 17,077,894</u></b>	<b><u>\$ (5,113,472)</u></b>

# BRANCHBURG BOARD OF EDUCATION

## Management's Discussion and Analysis

**Governmental Activities.** The District's total governmental activities' revenues, which includes State and Federal grants, were \$44,414,050 for the year ended June 30, 2012 a less than one percent increase from the previous year. Property taxes of \$38,629,260 represented 87 percent of revenues. Another significant portion of revenues came from State aid; total State, Federal, Local and formula aid was \$5,389,185. Another source of revenues is miscellaneous income which includes items such as rentals, prior year refunds, etc. The smallest component of revenues is charges for services which includes tuition relating to the preschool program.

The total cost of all governmental activities programs and services was \$42,817,804. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$29,866,667 (70%) of total expenditures. Student support services, exclusive of administration, total \$4,021,577 or 9% of total expenditures (See Table A-4).

Total governmental activities revenues surpassed expenses, increasing net assets \$1,596,246 from the previous year.

Table A-3 Revenues by Source- Governmental Activities  
For Fiscal Year 2012

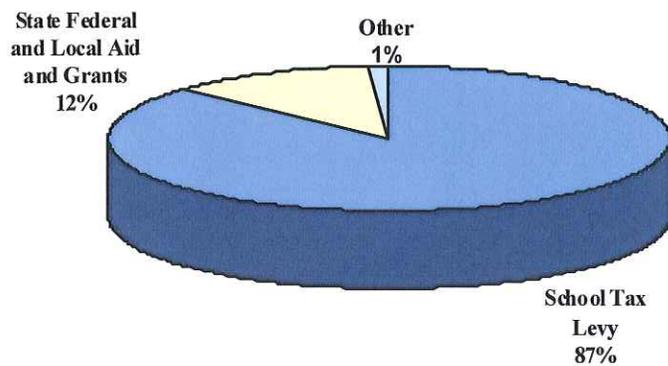
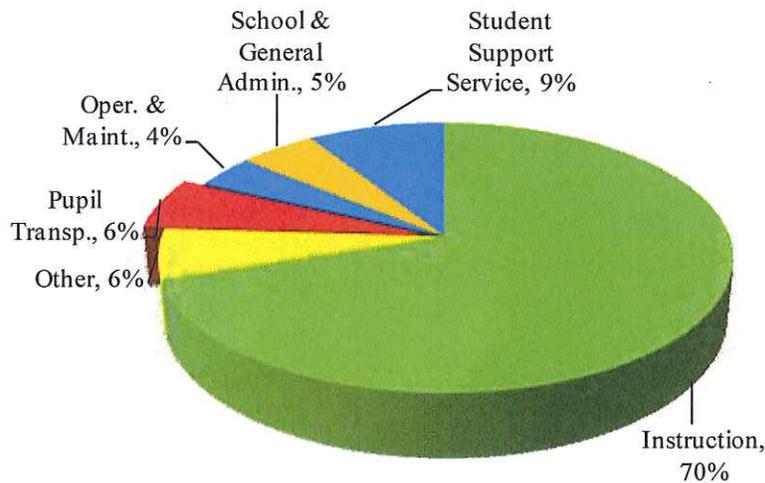


Table A-4 Expenditures by Type- Governmental Activities  
For Fiscal Year 2012



## BRANCHBURG BOARD OF EDUCATION

### Management's Discussion and Analysis

**Net Cost of Governmental Activities.** The District's total cost of services was \$42,817,804. After applying program revenues, derived from charges for services of \$181,050, operating grants and contributions of \$5,330,011 and capital grants and contributions of \$13,198; the net cost of services of the District is \$37,293,545 See Table A-5.

**Table A-5  
Total and Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2012 and 2011**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Instruction				
Regular	\$ 21,351,863	\$ 21,578,746	\$ 19,699,541	\$ 20,212,110
Special Education	7,004,098	7,068,084	4,153,035	4,618,358
Other Instruction	1,351,578	1,267,377	1,061,013	1,127,610
School Sponsored Activities and Athletics	159,147	165,574	148,318	155,788
Support Services				
Student and Instruction Related Svcs.	4,021,558	4,137,990	3,820,641	3,850,844
General Administrative Services	779,619	724,148	779,619	724,148
School Administrative Services	1,575,222	1,876,725	1,457,299	1,768,433
Plant Operations and Maintenance	1,888,476	2,217,271	1,710,617	1,759,059
Pupil Transportation	2,570,788	2,244,168	2,401,978	2,113,669
Business and Other Support Services	845,897	765,201	845,897	765,201
Interest on Long-Term Debt	1,269,558	1,231,818	1,215,587	1,177,491
<b>Total</b>	<b><u>\$ 42,817,804</u></b>	<b><u>\$ 43,277,102</u></b>	<b><u>\$ 37,293,545</u></b>	<b><u>\$ 38,272,711</u></b>

**Business-Type Activities** – The District's total business-type activities revenues were \$761,163 for the year ended June 30, 2012. Charges for services accounted for 86% of total revenues. Operating grants and contributions accounted for 14% of total revenue for the year.

The total cost of all business-type activities programs and services was \$715,611. The District's expenses are related to Food Service programs provided to all students, teachers and administrators within the District and the operation of the Community Education program.

Total business-type activities revenues were more than expenses increasing net assets by \$45,552 over the last year.

# BRANCHBURG BOARD OF EDUCATION

## Management's Discussion and Analysis

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$4,721,253. At June 30, 2011, the fund balance was \$3,424,892.

Revenues for the District's governmental funds were \$44,414,050, while total expenses were \$43,117,689.

**General Fund** - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students from pre-kindergarten through grade 8 including pupil transportation activities and capital outlay projects.

The following schedule presents a summary of General Fund revenues.

	<u>Year Ended June 30, 2012</u>	<u>Year Ended June 30, 2011</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
Local Sources				
Property Tax Levy	\$ 36,590,431	\$ 36,906,051	\$ (315,620)	-1%
Tuition	181,050	140,274	40,776	29%
Interest	5,495	10,633	(5,138)	-48%
Miscellaneous	209,060	172,761	36,299	21%
Federal Sources	97,590	-	97,590	N/A
State Sources	<u>4,417,579</u>	<u>3,519,484</u>	<u>898,095</u>	26%
Total General Fund Revenues	<u>\$ 41,501,205</u>	<u>\$ 40,749,203</u>	<u>\$ 752,002</u>	<u>2%</u>

Total General Fund Revenues increased by \$752,002 or 2% from the previous year.

Local property taxes decreased 1% over the previous year. State aid revenues increased significantly by \$898,095 or 26%. The increase in state aid revenues is due to additional categorical aid allotted to the District for the 2011/2012 year, as well as an increase in the state's contribution to TPAF on-Behalf Pension and Post-Retirement Benefit costs.

# BRANCHBURG BOARD OF EDUCATION

## Management's Discussion and Analysis

The following schedule presents a summary of General Fund expenditures.

	<u>Year Ended</u> <u>June 30, 2012</u>	<u>Year Ended</u> <u>June 30, 2011</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
Instruction	\$ 28,554,291	\$ 28,756,716	\$ (202,425)	-1%
Support Services	11,045,988	11,389,023	(343,035)	-3%
Capital Outlay	257,578	26,452	231,126	874%
Debt Service	<u>116,115</u>	<u>145,472</u>	<u>(29,357)</u>	<u>-20%</u>
Total Expenditures	<u>\$ 39,973,972</u>	<u>\$ 40,317,663</u>	<u>\$ (343,691)</u>	<u>-1%</u>

Total General Fund expenditures decreased \$343,691 or 1% from the previous year.

In 2011-2012 General Fund revenues and other financing sources exceeded expenditures by \$1,687,409. As a result, total fund balance increased to \$4,577,001 at June 30, 2012. After deducting statutory reserves and designations, the unassigned fund balance decreased from \$271,584 at June 30, 2011 to \$176,041 at June 30, 2012.

**Special Revenue Fund** - The Special Revenue Fund includes all restricted Federal and State sources utilized in the operations of the district in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$774,069, for the year ended June 30, 2012. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 91% of the total revenue for the year.

Expenditures of the Special Revenue Fund were \$774,069. Instructional expenditures were \$666,775 and for the support services expenditures were \$94,096 and capital outlay expenditures were \$13,198.

**Capital Projects** - Revenues were less than expenditures and other financing uses by \$391,048 resulting in a fund balance of \$143,571 at June 30, 2012.

# BRANCHBURG BOARD OF EDUCATION

## Management's Discussion and Analysis

### Proprietary Funds

The District maintains Enterprise Funds to account for activities that are supported in part through user fees.

**Enterprise Funds** - The District uses Enterprise Funds to report activities related to the Food Services program as well as the Community Education program. The District's Enterprise Funds provide the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of these Funds have already been addressed in the discussion of the District's business-type activities.

### GENERAL FUND BUDGETARY HIGHLIGHTS

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

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into the following category:

- Implementing budgets for specially funded projects, which include both federal and state grants, reinstating prior year purchase orders being carried over.

### CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2012 amounts to \$41,639,640 (net of accumulated depreciation). The capital assets consist of land, land improvements, buildings, building improvements, computers, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2011-2012 amounted to \$1,022,854 for governmental activities and \$24,831 for business-type activities.

**Table A-6**  
**Capital Assets at June 30, 2012 and 2011**  
**(Net of Accumulated Depreciation)**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 2,367,600	\$ 2,367,600			\$ 2,367,600	\$ 2,367,600
Buildings and Building Improvements	37,867,823	17,821,226			37,867,823	17,821,226
Improvements Other than Buildings	173,697	209,354			173,697	209,354
Machinery and Equipment	1,126,119	1,339,569	\$ 104,401	\$ 122,634	1,230,520	1,462,203
<b>Total Capital Assets, Net</b>	<u>\$ 41,535,239</u>	<u>\$ 21,737,749</u>	<u>\$ 104,401</u>	<u>\$ 122,634</u>	<u>\$ 41,639,640</u>	<u>\$ 21,860,383</u>

# BRANCBURG BOARD OF EDUCATION

## Management's Discussion and Analysis

Additional information on the District's capital assets are presented in the Notes to the Basic Financial Statements of this report.

### LONG TERM LIABILITIES

At year end, the District's long-term liabilities consisted of compensated absences payable of \$611,381, capital leases payable of \$235,184 and bonds payable of \$29,155,000.

Additional information of the District's long-term liabilities is presented in the Notes to the Basic Financial Statements of this report.

**Table A-7**  
**Outstanding Long-Term Liabilities**

	<u>2012</u>	<u>2011</u>
Serial Bonds Payable	\$ 29,155,000	\$ 30,200,000
Capital Leases	235,184	340,135
Compensated Absences	<u>611,381</u>	<u>566,162</u>
	<u>\$ 30,001,565</u>	<u>\$ 31,106,297</u>

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

Many factors were considered by the District's administration during the process of developing the fiscal year 2012-2013 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the School Business Administrator, Branchburg Board of Education, 240 Baird Road, Branchburg, NJ 08876.

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**BRANCHBURG BOARD OF EDUCATION**  
**STATEMENT OF NET ASSETS**  
**AS OF JUNE 30, 2012**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Investments	\$ 5,866,987	\$ 254,447	\$ 6,121,434
Receivables, net			
Receivables from Other Governments	351,924	3,944	355,868
Other Receivables	95,323		95,323
Internal Balances	(76,655)	76,655	-
Inventories		7,922	7,922
Deferred Charges	292,182		292,182
Capital Assets Not Being Depreciated	2,367,600		2,367,600
Capital Assets, Net of Accumulated Depreciation	39,167,639	104,401	39,272,040
	<u>48,065,000</u>	<u>447,369</u>	<u>48,512,369</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	1,492,530	28,910	1,521,440
Intergovernmental Payable	5,802		5,802
Unearned Revenue	17,994	81,126	99,120
Accrued Interest Payable	523,443		523,443
Noncurrent Liabilities			
Due Within One Year	1,180,924		1,180,924
Due Beyond One Year	28,103,746		28,103,746
	<u>31,324,439</u>	<u>110,036</u>	<u>31,434,475</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	13,154,132	104,401	13,258,533
Restricted for:			
Capital Projects	1,240,708		1,240,708
Debt Service	56,283		56,283
Other Purpose	250,000		250,000
Unrestricted	2,039,438	232,932	2,272,370
	<u>\$ 16,740,561</u>	<u>\$ 337,333</u>	<u>\$ 17,077,894</u>

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement.

BRANCHBURG BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 21,351,863	\$ 181,050	\$ 1,471,272		\$ (19,699,541)		\$ (19,699,541)
Special Education	7,004,098		2,851,063		(4,153,035)		(4,153,035)
Other Instruction	1,351,578		277,367	\$ 13,198	(1,061,013)		(1,061,013)
School Sponsored Instruction	159,147		10,829		(148,318)		(148,318)
Support Services							
Student and Instruction Related Svcs.	4,021,558		200,917		(3,820,641)		(3,820,641)
General Administrative Services	779,619				(779,619)		(779,619)
School Administrative Services	1,575,222		117,923		(1,457,299)		(1,457,299)
Plant Operations and Maintenance	1,888,476		177,859		(1,710,617)		(1,710,617)
Pupil Transportation	2,570,788		168,810		(2,401,978)		(2,401,978)
Central Service and Administrative Information Technology	845,897				(845,897)		(845,897)
Interest on Long-Term Debt	1,269,558		53,971		(1,215,587)		(1,215,587)
Total Governmental Activities	42,817,804	181,050	5,330,011	13,198	(37,293,545)	-	(37,293,545)
Business-Type Activities							
Food Service	658,318	593,262	107,023			\$ 41,967	41,967
Community Education	57,293	59,017				1,724	1,724
Total Business-Type Activities	715,611	652,279	107,023			43,691	43,691
Total Primary Government	\$ 43,533,415	\$ 833,329	\$ 5,437,034	\$ 13,198	(37,293,545)	43,691	(37,249,854)
General Revenues:							
Property Taxes, Levied for General Purposes, Net					36,590,431		36,590,431
Property Taxes Levied for Debt Service					2,038,829		2,038,829
State Aid-Restricted for Debt Service Principal					45,976		45,976
Investment Earnings					5,495	1,861	7,356
Miscellaneous Income					209,060		209,060
Total General Revenues					38,889,791	1,861	38,891,652
Change in Net Assets					1,596,246	45,552	1,641,798
Net Assets, Beginning of Year					(5,405,253)	291,781	(5,113,472)
Prior Period Adjustment - Capital Assets					20,549,568		20,549,568
Net Assets, End of Year					\$ 16,740,561	\$ 337,333	\$ 17,077,894

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement.

**FUND FINANCIAL STATEMENTS**

**BRANCBURG BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Investments	\$ 5,539,482	\$ 215,770	\$ 111,054	\$ 681	\$ 5,866,987
Receivables, Net					
Receivables from Other Governments	85,600	233,807	32,517		351,924
Other Accounts Receivable	90,001	5,322			95,323
Due from Other Funds	429,286	-	-	-	429,286
Total Assets	<u>\$ 6,144,369</u>	<u>\$ 454,899</u>	<u>\$ 143,571</u>	<u>\$ 681</u>	<u>\$ 6,743,520</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable - Vendors	\$ 215,491	\$ 3,567			\$ 219,058
Intergovernmental Payables		5,802			5,802
Deferred Revenue	1,750	16,244			17,994
Due to Other Funds	1,350,127	429,286			1,779,413
Total Liabilities	<u>1,567,368</u>	<u>454,899</u>	<u>-</u>	<u>-</u>	<u>2,022,267</u>
<b>Fund Balances</b>					
<b>Restricted</b>					
Reserved Excess Surplus	503,518				503,518
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	354,158				354,158
Capital Reserve	1,152,739				1,152,739
Maintenance Reserve	250,000				250,000
Emergency Reserve	120,000				120,000
Tuition Adjustment Reserve	600,000				600,000
Tuition Adjustment Reserve - Designated for Subsequent Year's Expenditures	450,000				450,000
Capital Projects			\$ 87,969		87,969
Debt Service			55,602	\$ 681	56,283
<b>Assigned</b>					
Designated for Subsequent Year's Expenditures	553,034				553,034
Year End Encumbrances	417,511				417,511
<b>Unassigned</b>					
General Fund	176,041				176,041
Total Fund Balances	<u>4,577,001</u>	<u>-</u>	<u>143,571</u>	<u>681</u>	<u>4,721,253</u>
Total Liabilities and Fund Balances	<u>\$ 6,144,369</u>	<u>\$ 454,899</u>	<u>\$ 143,571</u>	<u>\$ 681</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$66,696,892 and the accumulated depreciation is \$25,161,653.

41,535,239

The District has financed capital assets through the issuance of general obligation bonds. The accrued interest at year end is:

(523,443)

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 2)

(28,992,488)

Net Assets of Governmental Activities

\$ 16,740,561

**BRANCBURG BOARD OF EDUCATION**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local Sources					
Local Property Tax Levy	\$ 36,590,431			\$ 2,038,829	\$ 38,629,260
Tuition - Preschool	181,050				181,050
Interest Earned on Capital Reserve Funds	679				679
Interest Earned on Investments	4,816				4,816
Miscellaneous	209,060	\$ 55,930			264,990
<b>Total - Local Sources</b>	<b>36,986,036</b>	<b>55,930</b>		<b>2,038,829</b>	<b>39,080,795</b>
State Sources	4,417,579	10,482		99,947	4,528,008
Federal Sources	97,590	707,657	-	-	805,247
<b>Total Revenues</b>	<b>41,501,205</b>	<b>774,069</b>	<b>-</b>	<b>2,138,776</b>	<b>44,414,050</b>
<b>EXPENDITURES</b>					
Current					
Instruction					
Regular Instruction	20,877,535	41,359			20,918,894
Special Education Instruction	6,221,654	625,416			6,847,070
Other Special Instruction	1,306,184				1,306,184
School Sponsored Activities and Athletics	148,918				148,918
Support Services					
Student and Instruction Related Services	3,754,073	94,096			3,848,169
General Administrative Services	658,633		\$ 119,023		777,656
School Administrative Services	1,503,622				1,503,622
Central Services and Administrative Information Technology	799,251				799,251
Plant Operations and Maintenance	1,833,852				1,833,852
Student Transportation	2,496,557				2,496,557
Debt Service					
Principal	104,951			1,045,000	1,149,951
Interest and Other Charges	11,164			1,205,625	1,216,789
Capital Outlay	257,578	13,198			270,776
<b>Total Expenditures</b>	<b>39,973,972</b>	<b>774,069</b>	<b>119,023</b>	<b>2,250,625</b>	<b>43,117,689</b>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	1,527,233	-	(119,023)	(111,849)	1,296,361
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer In	160,176			111,849	272,025
Transfer Out			(272,025)		(272,025)
<b>Total Other Financing Sources (Uses)</b>	<b>160,176</b>	<b>-</b>	<b>(272,025)</b>	<b>111,849</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>1,687,409</b>	<b>-</b>	<b>(391,048)</b>	<b>-</b>	<b>1,296,361</b>
Fund Balance, Beginning of Year	2,889,592	-	534,619	681	3,424,892
<b>Fund Balance, End of Year</b>	<b>\$ 4,577,001</b>	<b>\$ -</b>	<b>\$ 143,571</b>	<b>\$ 681</b>	<b>\$ 4,721,253</b>

**BRANCBURG BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)** \$ 1,296,361

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.

Capital Outlays	\$ 270,776	
Depreciation Expense	<u>(1,022,854)</u>	(752,078)

In the statement of activities, certain operating expenses - compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Compensated Absences, Net		(45,219)
---------------------------	--	----------

The issuance of long-term debt (capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long term debt and related items.

Principal Repayments:		
Repayment of Bond Principal	1,045,000	
Repayment Capital Lease Principal	<u>104,951</u>	1,149,951

Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Original Issue Discount	(7,250)	
Amortization of Deferred Amount on Refunding	(78,152)	
Amortization of Debt Issuance Costs	(25,915)	
Amortization of Original Issue Premium	<u>49,884</u>	(61,433)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in Accrued Interest		<u>8,664</u>
------------------------------	--	--------------

**Change in Net Assets of Governmental Activities** **\$ 1,596,246**

**BRANCHBURG TOWNSHIP PUBLIC SCHOOLS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS**  
**AS OF JUNE 30, 2012**

	<u>Food Service</u>	<u>Community Education</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 174,211	\$ 80,236	\$ 254,447
Intergovernmental Receivable			
State	321		321
Federal	3,623		3,623
Due from Other Funds	76,655	1,352	78,007
Inventories	<u>7,922</u>	<u>-</u>	<u>7,922</u>
Total Current Assets	<u>262,732</u>	<u>81,588</u>	<u>344,320</u>
Capital Assets			
Equipment	481,630		481,630
Less: Accumulated Depreciation	<u>(377,229)</u>	<u>-</u>	<u>(377,229)</u>
Total Capital Assets, Net of Depreciation	<u>104,401</u>	<u>-</u>	<u>104,401</u>
Total Assets	<u>367,133</u>	<u>81,588</u>	<u>448,721</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	28,847	63	28,910
Due to Other Funds	1,352		1,352
Unearned Revenue	<u>18,258</u>	<u>62,868</u>	<u>81,126</u>
Total Current Liabilities	<u>48,457</u>	<u>62,931</u>	<u>111,388</u>
<b>NET ASSETS</b>			
Invested in Capital Assets	104,401	-	104,401
Unrestricted	<u>214,275</u>	<u>18,657</u>	<u>232,932</u>
Total Net Assets	<u>\$ 318,676</u>	<u>\$ 18,657</u>	<u>\$ 337,333</u>

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

**BRANCHBURG TOWNSHIP PUBLIC SCHOOLS  
 PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET ASSETS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Food Service</u>	<u>Community Education</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
<b>OPERATING REVENUES</b>			
Charges for Services			
Daily Sales			
Reimbursable Programs- School Lunch Program	\$ 593,262		\$ 593,262
Program Fees	-	\$ 59,017	59,017
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	593,262	59,017	652,279
<b>OPERATING EXPENSES</b>			
Cost of Sales	293,858		293,858
Salaries and Wages	302,824	50,646	353,470
Other Purchased Services	34,263	1,375	35,638
Supplies and Materials	2,542	5,272	7,814
Depreciation	24,831	-	24,831
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	658,318	57,293	715,611
Operating Income (Loss)	<hr/> (65,056)	<hr/> 1,724	<hr/> (63,332)
<b>NONOPERATING REVENUES</b>			
State Sources			
School Lunch Program	5,644		5,644
Federal Sources			
National School Lunch Program	96,570		96,570
Special Milk Program	4,809		4,809
Interest and Investment Revenue	1,636	225	1,861
	<hr/>	<hr/>	<hr/>
Total Nonoperating Revenues	108,659	225	108,884
Change in Net Assets	43,603	1,949	45,552
Net Assets, Beginning of Year	<hr/> 275,073	<hr/> 16,708	<hr/> 291,781
Net Assets, End of Year	<hr/> \$ 318,676	<hr/> \$ 18,657	<hr/> \$ 337,333

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

**BRANCHBURG TOWNSHIP PUBLIC SCHOOLS  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Food Service</u>	<u>Community Education</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 635,975	\$ 76,248	\$ 712,223
Cash Payments for Salaries and Benefits	(302,824)	(61,353)	(364,177)
Cash Payments to Suppliers for Goods and Services	(288,476)	(6,647)	(295,123)
Net Cash Provided by Operating Activities	<u>44,675</u>	<u>8,248</u>	<u>52,923</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Cash Payments due from Other Funds	1,352	(1,352)	-
Cash Received from State and Federal Subsidy Reimbursements	60,024	-	60,024
Net Cash Provided by (Used by) Noncapital Financing Activities	<u>61,376</u>	<u>(1,352)</u>	<u>60,024</u>
<b>Cash Flows from Capital Financing Activities</b>			
Purchase of Capital Assets	(6,598)	-	(6,598)
Net Cash (Used by) Capital Financing Activities	<u>(6,598)</u>	<u>-</u>	<u>(6,598)</u>
<b>Cash Flows from Investing Activities</b>			
Interest on Investments	1,636	225	1,861
Net Cash Provided by Investing Activities	<u>1,636</u>	<u>225</u>	<u>1,861</u>
Net Increase in Cash and Cash Equivalents	101,089	7,121	108,210
Cash and Cash Equivalents, Beginning of Year	73,122	73,115	146,237
Cash and Cash Equivalents, End of Year	<u>\$ 174,211</u>	<u>\$ 80,236</u>	<u>\$ 254,447</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>			
Operating Income/(Loss)	\$ (65,056)	\$ 1,724	\$ (63,332)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities			
Depreciation	24,831		24,831
Non-Cash Federal Assistance - Food Distribution Program (USDA Commodities)	42,713		42,713
Change in Assets and Liabilities			
Increase/(Decrease) in Accounts Payable	27,495	(10,707)	16,788
Increase/(Decrease) in Unearned Revenue	14,781	17,231	32,012
(Increase)/Decrease in Inventory	(89)	-	(89)
Total Adjustments	<u>109,731</u>	<u>6,524</u>	<u>116,255</u>
Net Cash Provided by Operating Activities	<u>\$ 44,675</u>	<u>\$ 8,248</u>	<u>\$ 52,923</u>
<b>NonCash-Financing Activities</b>			
Fair Value of Food Distribution Program- National School Lunch Program	\$ 42,713		

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

**BRANCHBURG BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
AS OF JUNE 30, 2012**

	<b>Unemployment Compensation Trust Fund</b>	<b>Agency</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 672,768	\$ 107,477
Due from Other Funds		1,273,472
	<u>672,768</u>	<u>1,380,949</u>
Total Assets		<u>\$ 1,380,949</u>
<b>LIABILITIES</b>		
Payroll Deductions and Withholdings		\$ 1,030
Summer Savings Deductions Payable		1,192
Accrued Salaries and Wages		1,273,761
Due to State of New Jersey	44,484	
Due to Student Groups		104,966
	<u>44,484</u>	<u>1,380,949</u>
Total Liabilities		<u>\$ 1,380,949</u>
<b>NET ASSETS</b>		
Held In Trust For Unemployment Claims	<u>\$ 628,284</u>	

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement.

**BRANCHBURG BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Unemployment Compensation Trust Fund</u>
<b>ADDITIONS</b>	
Contributions	
Employees	\$ 42,645
Total Contributions	<u>42,645</u>
Investment Earnings	
Interest	<u>752</u>
Total Additions	<u>43,397</u>
<b>DEDUCTIONS</b>	
Unemployment Claims and Contributions	<u>175,348</u>
Total Deductions	<u>175,348</u>
Change in Net Assets	(131,951)
Net Assets, Beginning of Year	<u>760,235</u>
Net Assets, End of Year	<u><u>\$ 628,284</u></u>

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**BRANCBURG BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Branchburg Board of Education (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Branchburg Board of Education this includes general operations, food service, community education and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

**B. Basic Financial Statements**

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the District's enterprise funds.

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

**BRANCBURG BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basic Financial Statements (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental and enterprise funds to be major funds.

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due.

**BRANCBURG BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal and state financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary funds which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

The *community education fund* accounts for the activities of the District's community education program.

**BRANCBURG BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Additionally, the government reports the following fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow private-sector guidance issued subsequent to December 1, 1989.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, investment earnings and miscellaneous revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund and of the community education enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

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

**D. Assets, Liabilities and Net Assets or Equity**

***1. Deposits and Investments***

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

**BRANCBURG BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**2. *Receivables and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

*Tuition Revenues* - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

*Tuition Expenditures* - Tuition charges for the fiscal years 2010-2011 and 2011-2012 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenue is recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred revenues. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1<sup>st</sup> in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

**3. *Inventories***

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as unearned revenue.

**BRANCBURG BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**4. *Capital Assets***

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	20-50
Building Improvements	20
Heavy Equipment	10-20
Office Equipment and Furniture	7-10
Computer Equipment	5

**5. *Compensated Absences***

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation, personal, and sick leave benefits. A long-term liability of accumulated vacation, personal and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated vacation, personal and sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

**BRANCBURG BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**6. *Long-Term Obligations***

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and refunding gains or losses. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**7. *Fund Equity***

With the implementation of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during fiscal year 2011, fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**Restricted Fund Balance** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

*Reserved Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2012 audited excess surplus that is required to be appropriated in the 2013/2014 original budget certified for taxes.

*Reserved Excess Surplus – Designated for Subsequent Year's Expenditures* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2011 audited excess surplus that was appropriated in the 2012/2013 original budget certified for taxes.

*Capital Reserve* – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 3.)

*Maintenance Reserve* – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education.

*Emergency Reserve* – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education.

**BRANCBURG BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**7. Fund Equity (Continued)**

Tuition Adjustment Reserve – This restriction was created in accordance with NJAC 6A:23A-17.1(F)8 to represent foreseeable future tuition adjustments and is required to be liquidated in the second year following the contract year with any remaining balance related to that contract year to be reserved and budgeted for property tax relief.

Tuition Adjustment Reserve – Designated for Subsequent Year's Expenditures – This restriction was created in accordance with NJAC 6A:23A-17.1(F)8 to represent foreseeable future tuition adjustments for the 2010/2011 contract year that is appropriated in the 2012/2013 original budget certified for taxes.

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

**Assigned Fund Balance** – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2012/2013 District budget certified for taxes.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

**Unassigned Fund Balance** – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

**8. Reclassifications**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**BRANCBURG BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the district-wide statement of net assets**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the district-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$28,992,488 difference are as follows:

Bonds Payable	\$ 29,155,000
Add:	
Issuance Premium (to be amortized as interest expense)	310,375
Less:	
Deferred Charge on Refunding (to be amortized as interest expense)	(926,964)
Deferred Charge for Issuance Costs (to be amortized over life of debt)	(292,182)
Issuance Discount (to be amortized as interest expense)	(100,306)
Capital Leases Payable	235,184
Compensated Absences	<u>611,381</u>
 Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Assets - Governmental Activities	 <u>\$ 28,992,488</u>

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the requirements of the New Jersey Department of Education (“the Department”), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account 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. The Board approved several budget transfers during 2011/2012. During 2011/2012 the Board increased the original budget by \$624,846. The increase was funded by additional aid and grant awards and the reappropriation of prior year general fund encumbrances.

**BRANCBURG BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 9, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. 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 committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

**B. Capital Reserve**

A capital reserve account was established by the District on October 5, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve 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. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**BRANCBURG BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Capital Reserve (Continued)**

The activity of the capital reserve for the fiscal year ended June 30, 2012 is as follows:

Balance, July 1, 2011		\$ 391,884
Increases		
Interest Earnings	\$ 679	
Deposits		
Unexpended Balances Returned from Capital		
Projects Fund	160,176	
Approved by Board Resolution	<u>600,000</u>	
		<u>760,855</u>
Balance, June 30, 2012		<u>\$ 1,152,739</u>

**C. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2012 is \$857,676. Of this amount, \$354,158 was designated and appropriated in the 2012/2013 original budget certified for taxes and the remaining amount of \$503,518 will be appropriated in the 2013/2014 original budget certified for taxes.

**NOTE 4 DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

**Deposits**

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

**BRANCBURG BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Deposits and Investments (Continued)**

**Deposits (Continued)**

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2012, the book value of the Board's deposits was \$6,037,360 and bank balances of the Board's cash and deposits amounted to \$6,939,663. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash" or "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	\$ <u>6,939,663</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2012 none of the Board's bank balances were exposed to custodial credit risk.

**Investments**

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2012, the Board had the following investments:

<u>Investment:</u>	<u>Reported Amount/ Fair Value</u>
Investment in MBIA Class Account	\$ <u>864,319</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk. As of June 30, 2012, \$864,319 of the Board's investments was exposed to custodial credit risk as follows:

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department but not in the Board's name	\$ <u>864,319</u>
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Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**BRANCBURG BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Deposits and Investments (Continued)**

**Investments (Continued)**

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

Investment and interest earnings in the Capital Projects Fund are assigned to the Debt Service Fund in accordance with Board policy.

**B. Receivables**

Receivables as of June 30, 2012 for the district’s individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Intergovernmental-					
Restricted	\$ 85,600	\$ 233,807	\$ 32,517	\$ 3,944	\$ 355,868
Other	<u>90,001</u>	<u>5,322</u>	<u>-</u>	<u>-</u>	<u>95,323</u>
Gross Receivables	175,601	239,129	32,517	3,944	451,191
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 175,601</u>	<u>\$ 239,129</u>	<u>\$ 32,517</u>	<u>\$ 3,944</u>	<u>\$ 451,191</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
General Fund	
Tuition Charges Receivable	\$ 1,750
Special Revenue Fund	
Unencumbered Grant Draw Downs	13,594
Grant Draw Downs Reserved for Encumbrances	<u>2,650</u>
Total Deferred Revenue for Governmental Funds	<u>\$ 17,994</u>

**BRANCBURG BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets**

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

	Balance, July 1, 2011	Prior Period Adjustment	Increases	Decreases	Balance, June 30, 2012
<b>Governmental Activities:</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 2,367,600	-	-	-	\$ 2,367,600
Total Capital Assets, Not Being Depreciated	<u>2,367,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,367,600</u>
Capital Assets, Being Depreciated:					
Buildings and Building Improvements	28,917,024	\$ 27,313,735	\$ 13,198		56,243,957
Improvements Other Than Buildings	895,800				895,800
Machinery and Equipment	<u>7,075,957</u>	<u>-</u>	<u>257,578</u>	<u>\$ 144,000</u>	<u>7,189,535</u>
Total Capital Assets Being Depreciated	<u>36,888,781</u>	<u>27,313,735</u>	<u>270,776</u>	<u>144,000</u>	<u>64,329,292</u>
Less Accumulated Depreciation for:					
Buildings and Building Improvements	(11,095,798)	(6,683,539)	(596,797)		(18,376,134)
Improvements Other Than Buildings	(686,446)	14,815	(50,472)		(722,103)
Machinery and Equipment	<u>(5,736,388)</u>	<u>(95,443)</u>	<u>(375,585)</u>	<u>(144,000)</u>	<u>(6,063,416)</u>
Total Accumulated Depreciation	<u>(17,518,632)</u>	<u>(6,764,167)</u>	<u>(1,022,854)</u>	<u>(144,000)</u>	<u>(25,161,653)</u>
Total Capital Assets, Being Depreciated, Net	<u>19,370,149</u>	<u>20,549,568</u>	<u>(752,078)</u>	<u>-</u>	<u>39,167,639</u>
Governmental Activities Capital Assets, Net	<u>\$ 21,737,749</u>	<u>\$ 20,549,568</u>	<u>\$ (752,078)</u>	<u>\$ -</u>	<u>\$ 41,535,239</u>
	Balance, July 1, 2011	Increases	Decreases		Balance, June 30, 2012
<b>Business-Type Activities:</b>					
Capital Assets, Being Depreciated:					
Machinery and Equipment	\$ 475,032	\$ 6,598	-		\$ 481,630
Total Capital Assets Being Depreciated	<u>475,032</u>	<u>6,598</u>	<u>-</u>		<u>481,630</u>
Less Accumulated Depreciation for:					
Machinery and Equipment	(352,398)	(24,831)	-		(377,229)
Total Accumulated Depreciation	<u>(352,398)</u>	<u>(24,831)</u>	<u>-</u>		<u>(377,229)</u>
Total Capital Assets, Being Depreciated, net	<u>122,634</u>	<u>(18,233)</u>	<u>-</u>		<u>104,401</u>
Business-Type Activities Capital Assets, net	<u>\$ 122,634</u>	<u>\$ (18,233)</u>	<u>\$ -</u>		<u>\$ 104,401</u>

**BRANCBURG BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets (Continued)**

Depreciation expense was charged to functions/programs of the District as follows:

**Governmental Activities:**

Instruction

Regular	\$ 419,369
Special	153,428
Other	40,914
School Sponsored Activities and Athletics	<u>10,229.00</u>
Total Instruction	<u>623,940</u>

Support Services

Student and Instruction Related Services	163,657
General Administration	15,343
School Administration	71,600
Central Services and Admin. Information Technology	30,686
Operations and Maintenance of Plant	56,257
Student Transportation	<u>61,371</u>
Total Support Services	<u>398,914</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 1,022,854</u>
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**Business-Type Activities:**

Food Service Fund	\$ 24,831
Total Depreciation Expense-Business-Type Activities	<u>\$ 24,831</u>

**Construction and Other Significant Commitments**

The District has the following active construction projects as of June 30, 2012:

<u>Project</u>	<u>Remaining Commitment</u>
Ceiling Replacement - Stony Brook School	<u>\$ 36,000</u>
Total	<u>\$ 36,000</u>

**BRANCBURG BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2012, is as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 429,286
Food Service Fund	General Fund	76,655
Agency Fund	General Fund	1,273,472
Community Education Fund	Food Service Fund	<u>1,352</u>
		<u>\$ 1,780,765</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

**Interfund transfers**

	<u>Transfer In:</u>		
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Transfer Out:			
Capital Projects Fund	<u>\$ 160,176</u>	<u>\$ 111,849</u>	<u>\$ 272,025</u>
	<u>\$ 160,176</u>	<u>\$ 111,849</u>	<u>\$ 272,025</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

**BRANCBURG BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Leases**

**Capital Leases**

The District is leasing various equipment totaling \$380,000 under a capital lease. The lease is for a term of 5 years.

The capital assets acquired through capital leases are as follows:

	Governmental <u>Activities</u>
Machinery and Equipment	\$ <u>380,000</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2013	\$ 83,497
2014	83,497
2015	<u>83,497</u>
Total minimum lease payments	250,491
Less: amount representing interest	<u>15,307</u>
Present value of minimum lease payments	<u>\$ 235,184</u>

**BRANCBURG BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-Term Debt**

**General Obligation Bonds**

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2012 are comprised of the following issues:

\$18,100,000 Refunding Bonds of 2006, due in annual installments of \$305,000 to \$1,560,000 through July 15, 2031, interest at 3.750% through 5.000%	\$ 17,730,000
\$3,305,000, School Bonds of 2007, due in annual installments of \$200,000 to \$290,000 through February 1, 2022, interest at 4.00%	2,415,000
\$9,760,000 Refunding Bonds of 2010, due in annual installments of \$490,000 to \$915,000 through February 1, 2026, interest at 3.00% through 4.00%	<u>9,010,000</u>
	<u>\$ 29,155,000</u>

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

**Governmental Activities:**

Year Ended June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2013	\$ 1,075,000	\$ 1,174,543	\$ 2,249,543
2014	1,125,000	1,135,101	2,260,101
2015	1,165,000	1,091,350	2,256,350
2016	1,235,000	1,045,300	2,280,300
2017	1,215,000	995,925	2,210,925
2018-2022	7,475,000	4,112,050	11,587,050
2023-2027	8,720,000	2,421,040	11,141,040
2028-2032	<u>7,145,000</u>	<u>778,132</u>	<u>7,923,132</u>
	<u>\$ 29,155,000</u>	<u>\$ 12,753,441</u>	<u>\$ 41,908,441</u>

**BRANCBURG BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-Term Debt (Continued)**

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2012 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 94,373,497
Less: Net Debt	<u>29,155,000</u>
Remaining Borrowing Power	<u>\$ 65,218,497</u>

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2012, was as follows:

	<u>Balance,</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30, 2012</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$ 30,200,000		\$ (1,045,000)	\$ 29,155,000	\$ 1,075,000
Add: Unamortized Premium	360,259		(49,884)	310,375	
Less: Unamortized Discount	(107,556)		7,250	(100,306)	
Less: Unamortized Amount on Refunding	<u>(1,005,116)</u>	<u>-</u>	<u>78,152</u>	<u>(926,964)</u>	<u>-</u>
Bonds Payable, Net	29,447,587	-	(1,009,482)	28,438,105	1,075,000
Capital Leases/Lease Purchase Agreements Payable	340,135		(104,951)	235,184	75,924
Compensated Absences	<u>566,162</u>	<u>\$ 76,059</u>	<u>(30,840)</u>	<u>611,381</u>	<u>30,000</u>
Governmental Activity Long-Term Liabilities	<u>\$ 30,353,884</u>	<u>\$ 76,059</u>	<u>\$ (1,145,273)</u>	<u>\$ 29,284,670</u>	<u>\$ 1,180,924</u>

For the governmental activities, the liabilities for compensated absences are generally liquidated by the general fund.

**BRANCBURG BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 5 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the New Jersey School Boards Association Insurance Group (NJSBAIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

NJSBAIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the insurance fund are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

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 fiduciary trust fund for the current and previous two years:

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012		\$ 42,645	\$ 175,348	\$ 628,284
2011	\$ 709,007	41,910	383,377	760,235
2010	338,000	54,328	58,514	392,195

**B. Contingent Liabilities**

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**BRANCBURG BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 5 OTHER INFORMATION (Continued)**

**B. Contingent Liabilities (Continued)**

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2012, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2012, the District has not estimated its arbitrage earnings due to the IRS, if any.

**D. Employee Retirement Systems and Pension Plans**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

**Public Employees' Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

**Teachers' Pension and Annuity Fund (TPAF)** – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

**BRANCHBURG BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Other Pension Funds**

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**Investment Valuation**

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**BRANCBURG BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Significant Legislation**

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of TPAF and 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  $\frac{1}{4}$  to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS 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.

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).

**Funding Status and Funding Progress**

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 78.5 percent and \$10.7 billion.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

**BRANCBURG BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Actuarial Methods and Assumptions**

In the July 1, 2010 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.91 percent for TPAF.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.5% for PERS, 6.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2012 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2012, 2011 and 2010 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2012	\$ 373,006	\$ 447,169	\$ 21,986
2011	365,032	43,001	1,385
2010	317,900	51,388	

During the previous two fiscal years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$447,169 during 2011/2012 for normal cost pension, accrued liability and the NCGI premium. For fiscal years 2010/2011 and 2009/2010, the State contributed \$43,001 and \$51,388, respectively, for the NCGI premium only.

**BRANCBURG BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$940,939 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans (OPEB)*, effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 547 state and local participating employers and contributing entities for Fiscal Year 2011.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

**Health Benefits Program Fund (HBPF) – Local Education** (including Prescription Drug Program Fund) – The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

**BRANCBURG BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Significant Legislation**

P.L. 2011, c.78, effective October 2011, sets 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 this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

**Funded Status and Funding Progress**

As of July 1, 2010, the most recent actuarial valuation date, the State had a \$59.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$21.1 billion for state active and retired members and \$38.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the July 1, 2010, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2011, there were 93,323 retirees receiving post-retirement medical benefits and the State contributed \$935.5 million on their behalf. The cost of these benefits is funded through contributions by the State and 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.

**BRANCBURG BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Post-Retirement Medical Benefits Contributions (Continued)**

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

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2012, 2011 and 2010 were \$898,925, \$913,332 and \$965,136, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**NOTE 6 PRIOR PERIOD ADJUSTMENT**

The District conducted an update of its capital assets during the 2011/2012 school year. The update was conducted by an independent appraisal company hired by the Board. The capital asset report amounts differed from the amounts reported in the District's prior year audit as of June 30, 2011. The District recorded a prior period adjustment to its July 1, 2011 capital asset values, including accumulated depreciation amounts, to reflect the amounts reported in the capital asset appraisal report. The net effect of this adjustment was an increase to governmental activities net assets of \$20,549,568.

**BUDGETARY COMPARISON SCHEDULES**

**BRANCHBURG BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

EXHIBIT C-1

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>REVENUES</b>					
Local Sources					
Local Property Tax Levy	\$ 36,590,431		\$ 36,590,431	\$ 36,590,431	
Tuition - Preschool	167,000		167,000	181,050	\$ 14,050
Interest Earned on Capital Reserve Funds				679	679
Interest Earned on Investments	-			4,816	4,816
Miscellaneous	70,000	-	70,000	209,060	139,060
<b>Total Local Sources</b>	<b>36,827,431</b>	<b>-</b>	<b>36,827,431</b>	<b>36,986,036</b>	<b>158,605</b>
State Sources					
Special Education Categorical Aid	1,189,326		1,189,326	1,241,961	52,635
Security Aid				195,124	195,124
Transportation Aid				169,353	169,353
Extraordinary Aid	450,000		450,000	463,041	13,041
Additional Nonpublic Transportation Aid				14,442	14,442
TPAF Pension System Contribution (Non Contributory Group Ins.) (Non-Budgeted)				43,337	43,337
TPAF Pension System Contribution (Normal Contribution) (Non-Budgeted)				403,832	403,832
TPAF Pension System Contribution (Post-Retirement Medical Contribution) (Non-Budgeted)				898,925	898,925
TPAF Social Security Reimbursements (Non-Budget)	-	-	-	940,939	940,939
<b>Total State Sources</b>	<b>1,639,326</b>	<b>-</b>	<b>1,639,326</b>	<b>4,370,954</b>	<b>2,731,628</b>
Federal Sources					
Education Jobs Fund	94,626	\$ 2,964	97,590	97,590	-
<b>Total Federal Sources</b>	<b>94,626</b>	<b>2,964</b>	<b>97,590</b>	<b>97,590</b>	<b>-</b>
<b>Total Revenues</b>	<b>38,561,383</b>	<b>2,964</b>	<b>38,564,347</b>	<b>41,454,580</b>	<b>2,890,233</b>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	345,641	(21,900)	323,741	323,677	64
Grades 1-5	4,075,717	(191,838)	3,883,879	3,883,637	242
Grades 6-8	2,940,603	32,765	2,973,368	2,973,274	94
Home Instruction					
Salaries of Teachers	21,000	2,363	23,363	23,363	-
Purchased Prof.-Ed. Services	3,500	-	3,500	378	3,122
Regular Programs - Undistributed Instruction					
Purchased Technical Services	900	6,823	7,723	6,562	1,161
Other Purchased Services	99,505	(199)	99,306	92,997	6,309
General Supplies	478,821	(9,208)	469,613	418,726	50,887
Textbooks	48,250	600	48,850	48,759	91
<b>Total Regular Programs</b>	<b>8,013,937</b>	<b>(180,594)</b>	<b>7,833,343</b>	<b>7,771,373</b>	<b>61,970</b>
Resource Room/Resource Center					
Salaries of Teachers	1,921,817	131,117	2,052,934	2,051,284	1,650
Other Salaries for Instruction	449,527	(16,121)	433,406	433,245	161
General Supplies	15,000	(500)	14,500	13,291	1,209
Other Objects	-	500	500	205	295
<b>Total Resource Room</b>	<b>2,386,344</b>	<b>114,996</b>	<b>2,501,340</b>	<b>2,498,025</b>	<b>3,315</b>

**BRANCHBURG BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**EXHIBIT C-1**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
Preschool Disabilities Part-Time					
Salaries of Teachers	\$ 174,768	-	\$ 174,768	\$ 174,367	\$ 401
Total Preschool Disabilities Part-Time	<u>174,768</u>	<u>-</u>	<u>174,768</u>	<u>174,367</u>	<u>401</u>
Total Special Education	<u>2,561,112</u>	<u>\$ 114,996</u>	<u>2,676,108</u>	<u>2,672,392</u>	<u>3,716</u>
Basic Skills/Remedial Instruction					
Salaries of Teachers	778,480	(23,844)	754,636	737,850	16,786
Other Objects	2,400	-	2,400	2,400	-
Total Basic Skills/Remedial Instruction	<u>780,880</u>	<u>(23,844)</u>	<u>757,036</u>	<u>740,250</u>	<u>16,786</u>
Bilingual Education Instruction					
Salaries of Teachers	167,875	-	167,875	167,875	-
General Supplies	450	-	450	110	340
Total Bilingual Education	<u>168,325</u>	<u>-</u>	<u>168,325</u>	<u>167,985</u>	<u>340</u>
School Sponsored Co-Curricular Activities					
Salaries	57,696	-	57,696	44,064	13,632
Supplies and Materials	2,800	(439)	2,361	1,323	1,038
Total School Sponsored Co-Curricular Activities	<u>60,496</u>	<u>(439)</u>	<u>60,057</u>	<u>45,387</u>	<u>14,670</u>
School Sponsored Athletics - Instruction					
Salaries	59,042	(4,484)	54,558	54,558	-
Supplies and Materials	8,895	-	8,895	7,960	935
Total School Sponsored Athletics-Instruction	<u>67,937</u>	<u>(4,484)</u>	<u>63,453</u>	<u>62,518</u>	<u>935</u>
Before/After School Programs					
Salaries	-	8,467	8,467	-	8,467
Total School Sponsored Athletics-Instruction	<u>-</u>	<u>8,467</u>	<u>8,467</u>	<u>-</u>	<u>8,467</u>
Total Instruction	<u>11,652,687</u>	<u>(85,898)</u>	<u>11,566,789</u>	<u>11,459,905</u>	<u>106,884</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State - Reg.	9,816,121	-	9,816,121	9,816,120	1
Tuition to Other LEAs Within State - Spec.	1,050,520	34,800	1,085,320	1,035,317	50,003
Tuition to County Vocational Schools - Reg.		10,200	10,200	10,200	-
Tuition to Priv Sch. For Disabled w/in State	1,815,624	(3,338)	1,812,286	1,368,505	443,781
Total Undistributed Expenditures - Instruction	<u>12,682,265</u>	<u>41,662</u>	<u>12,723,927</u>	<u>12,230,142</u>	<u>493,785</u>

**BRANCHBURG BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**EXHIBIT C-1**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT (Continued)</b>					
Attendance and Social Work Services					
Salaries	\$ 9,423	-	\$ 9,423	\$ 9,423	-
Other Purchased Services	100	-	100	48	\$ 52
Total Attendance & Social Work Svcs.	<u>9,523</u>	<u>-</u>	<u>9,523</u>	<u>9,471</u>	<u>52</u>
Health Services					
Salaries	344,547	\$ (1,611)	342,936	334,249	8,687
Purchased Professional & Technical Services	5,500	-	5,500	5,300	200
Other Purchased Services	325	-	325	325	-
Supplies and Materials	7,450	-	7,450	5,128	2,322
Total Health Services	<u>357,822</u>	<u>(1,611)</u>	<u>356,211</u>	<u>344,677</u>	<u>11,534</u>
Speech, OT, PT & Related Services					
Salaries	506,410	(85,389)	421,021	419,833	1,188
Purchased Professional-Educational Services	-	1,700	1,700	1,700	-
Supplies and Materials	2,381	-	2,381	2,143	238
Total Speech, OT, PT & Related Services	<u>508,791</u>	<u>(83,689)</u>	<u>425,102</u>	<u>423,676</u>	<u>1,426</u>
Extraordinary Services					
Purchased Professional-Educational Services	-	74,707	74,707	74,707	-
Total Extraordinary Services	<u>-</u>	<u>74,707</u>	<u>74,707</u>	<u>74,707</u>	<u>-</u>
Guidance					
Salaries of Other Professional Staff	345,149	-	345,149	345,149	-
Total Guidance	<u>345,149</u>	<u>-</u>	<u>345,149</u>	<u>345,149</u>	<u>-</u>
Child Study Teams					
Salaries of Other Professional Staff	732,939	9,627	742,566	721,114	21,452
Salaries of Secretarial & Clerical Assistants	80,789	-	80,789	80,788	1
Purchased Professional-Educational Services	217,500	(126,982)	90,518	58,365	32,153
Miscellaneous Purchased Services	17,380	(1,918)	15,462	12,322	3,140
Supplies and Materials	26,050	2,500	28,550	26,010	2,540
Other Objects	3,000	-	3,000	1,200	1,800
Total Child Study Teams	<u>1,077,658</u>	<u>(116,773)</u>	<u>960,885</u>	<u>899,799</u>	<u>61,086</u>
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	108,915	-	108,915	108,914	1
Salaries of Other Professional Staff	51,937	(4,616)	47,321	40,579	6,742
Salaries of Secretarial & Clerical Assistants	31,930	-	31,930	27,508	4,422
Purchased Professional-Educational Services	29,850	-	29,850	25,778	4,072
Other Purchased Professional and Technical Services	4,800	-	4,800	4,800	-
Other Purchased Services	2,000	1,560	3,560	2,113	1,447
Supplies and Materials	3,000	-	3,000	1,448	1,552
Other Objects	4,224	(964)	3,260	3,260	-
Total Improvement of Instructional Services	<u>236,656</u>	<u>(4,020)</u>	<u>232,636</u>	<u>214,400</u>	<u>18,236</u>
Educational Media Services/School Library					
Salaries	373,111	70,498	443,609	405,103	38,506
Supplies and Materials	14,100	-	14,100	13,812	288
Total Educational Media Services/School Library	<u>387,211</u>	<u>70,498</u>	<u>457,709</u>	<u>418,915</u>	<u>38,794</u>

**BRANCHBURG BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

EXHIBIT C-1

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT (Continued)</b>					
Instructional Staff Training Services					
Salaries of Other Professional Staff	\$ 3,000	\$ 4,616	\$ 7,616	\$ 6,902	\$ 714
Purchased Professional/Educational Svcs.	23,500	-	23,500	19,076	4,424
Other Purchased Services	6,000	-	6,000	2,291	3,709
	<u>32,500</u>	<u>4,616</u>	<u>37,116</u>	<u>28,269</u>	<u>8,847</u>
<b>Total Instructional Staff Training Svcs.</b>					
Support Services General Administration					
Salaries	227,196	(9,037)	218,159	215,939	2,220
Legal Services	50,000	30,000	80,000	44,366	35,634
Audit Fees	38,000	-	38,000	36,750	1,250
Other Purchased Professional Services	10,000	23,000	33,000	9,664	23,336
Purchased Technical Services	13,000	-	13,000	-	13,000
Communications/Telephone	111,232	(784)	110,448	48,747	61,701
BOE Other Purchased Services	3,000	(529)	2,471	178	2,293
Miscellaneous Purchased Services	133,777	(2,374)	131,403	128,185	3,218
General Supplies	2,700	-	2,700	2,522	178
BOE In-House Training and Meeting Supplies	1,000	-	1,000	780	220
Judgements Against School District		25,000	25,000	21,333	3,667
Miscellaneous Expenditures	20,035	(500)	19,535	14,594	4,941
BOE Membership Dues and Fees	21,000	500	21,500	20,931	569
	<u>630,940</u>	<u>65,276</u>	<u>696,216</u>	<u>543,989</u>	<u>152,227</u>
<b>Total Support Services General Administration</b>					
Support Services School Administration					
Salaries of Principals/Asst. Principals	593,505	1,900	595,405	594,100	1,305
Salaries of Other Professional Staff	181,524	14,000	195,524	125,670	69,854
Salaries of Secretarial and Clerical Assistants	329,633	2,766	332,399	331,633	766
Other Purchased Services	7,825	(350)	7,475	3,382	4,093
Supplies and Materials	6,985	300	7,285	6,154	1,131
Other Objects	5,760	500	6,260	4,794	1,466
	<u>1,125,232</u>	<u>19,116</u>	<u>1,144,348</u>	<u>1,065,733</u>	<u>78,615</u>
<b>Total Support Services School Administration</b>					
Central Services					
Salaries	364,447	8,471	372,918	372,207	711
Purchased Professional Services	1,500	4,915	6,415	5,264	1,151
Misc. Purchased Services	15,200	1,730	16,930	15,787	1,143
Supplies and Materials	8,000	2,629	10,629	9,582	1,047
Miscellaneous Expenditures	2,650	(359)	2,291	2,020	271
	<u>391,797</u>	<u>17,386</u>	<u>409,183</u>	<u>404,860</u>	<u>4,323</u>
<b>Total Central Services</b>					
Administration Information Technology					
Salaries	59,913	15,655	75,568	74,249	1,319
Purchased Technical Services	65,658	(2,200)	63,458	52,961	10,497
Other Purchased Services	66,890	13,798	80,688	76,275	4,413
Supplies and Materials	22,650	(3,442)	19,208	18,242	966
Other Objects	-	500	500	-	500
	<u>215,111</u>	<u>24,311</u>	<u>239,422</u>	<u>221,727</u>	<u>17,695</u>
<b>Total Administration Information Technology</b>					

**BRANCHBURG BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT (Continued)</b>					
Undist. Expend. - Required Maint. For School Facilities					
Salaries	\$ 244,169	\$ (11,000)	\$ 233,169	\$ 228,343	\$ 4,826
Cleaning, Repair, and Maintenance	92,085	2,500	94,585	72,954	21,631
General Supplies	79,018	11,340	90,358	69,389	20,969
	<u>415,272</u>	<u>2,840</u>	<u>418,112</u>	<u>370,686</u>	<u>47,426</u>
Total Undist. Expend - Required Maint. For School Facilities					
Custodial Services					
Salaries	171,886	5,763	177,649	172,235	5,414
Cleaning, Repair, and Maintenance Services	615,328	1,235	616,563	552,195	64,368
Other Purchased Property Services	27,500	-	27,500	23,239	4,261
Insurance	32,250	-	32,250	28,326	3,924
Miscellaneous Purchased Services	2,050	-	2,050	192	1,858
General Supplies	73,198	(1,889)	71,309	63,605	7,704
Energy(Natural Gas)	145,564	-	145,564	58,223	87,341
Energy(Electricity)	573,622	-	573,622	409,620	164,002
Other Objects	1,114	-	1,114	610	504
	<u>1,642,512</u>	<u>5,109</u>	<u>1,647,621</u>	<u>1,308,245</u>	<u>339,376</u>
Total Custodial Services					
Total Undist. Expend. - Oper. & Maint. of Plant Serv.					
	<u>2,057,784</u>	<u>7,949</u>	<u>2,065,733</u>	<u>1,678,931</u>	<u>386,802</u>
Student Transportation Services					
Sal. For Pupil Trans (Bet Home & Sch)-Reg.	737,706	(82,494)	655,212	654,867	345
Sal. For Pupil Trans (Bet Home & Sch)-Spec.	209,434	(43,806)	165,628	165,628	-
Sal. For Pupil Trans (Other Than Bet Home & Sch)	25,475	15,423	40,898	23,641	17,257
Sal. For Pupil Trans (Bet Home & Sch)-NonPublic	54,062	(4,036)	50,026	50,025	1
Other Purchased Prof. and Technical Svce.	31,560	6,866	38,426	33,373	5,053
Cleaning, Repair, and Maintenance Services	3,464	1,010	4,474	4,313	161
Lease Purchase Payments - School Buses	144,976	(27,530)	117,446	116,116	1,330
Contr. Serv. (Regular)-Vendors	60,000	276,480	276,480	276,480	-
Contr. Serv. (Regular)-ESC's and CTSA's	60,000	(45,000)	15,000	15,000	-
Contr. Serv. (Spec. Ed.)-ESC's and CTSA's	541,000	66,359	607,359	577,726	29,633
Contr. Serv. - Aid in Lieu Payments-Non Public	66,300	8,000	74,300	69,836	4,464
Supplies and Materials	113,960	24,193	138,153	102,040	36,113
Miscellaneous Purchased Services - Transportation	500	49	549	549	-
Transportation Supplies	229,692	(53,159)	176,533	176,293	240
Other Objects	700	300	1,000	975	25
	<u>2,218,829</u>	<u>142,655</u>	<u>2,361,484</u>	<u>2,266,862</u>	<u>94,622</u>
Total Student Transportation Services					
Unallocated Benefits - Employee Benefits					
Social Security Contributions	310,000	2,900	312,900	312,898	2
Other Retirement Contributions-PERS	392,500	(7,992)	384,508	373,006	11,502
Other Retirement Contributions-Regular	5,000	18,285	23,285	21,986	1,299
Unemployment Compensation	113,000	-	113,000	-	113,000
Workmen's Compensation	147,074	8,592	155,666	155,666	-
Health Benefits	4,118,023	(167,675)	3,950,348	3,788,823	161,525
Tuition Reimbursement	81,000	-	81,000	62,111	18,889
Other Employee Benefits	72,200	1,500	73,700	52,528	21,172
	<u>5,238,797</u>	<u>(144,390)</u>	<u>5,094,407</u>	<u>4,767,018</u>	<u>327,389</u>
Total Unallocated Benefits - Employee Benefits					

**BRANCHBURG BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT (Continued)</b>					
On-behalf TPAF Pension Contribution (Non-Contributory Group Insur.) (Non-budgeted)				\$ 43,337	\$ (43,337)
TPAF Pension System Contribution (Normal Contribution) (Non-Budgeted)				403,832	(403,832)
On-behalf TPAF Pension Contribution-Post Retirement (Non-budgeted)				898,925	(898,925)
On-behalf TPAF Social Security Reimbursements (Non-budgeted)	-	-	-	940,939	(940,939)
<b>Total On-behalf Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,287,033</b>	<b>(2,287,033)</b>
<b>Total Undistributed Expenditures</b>	<b>\$ 27,516,065</b>	<b>\$ 117,693</b>	<b>\$ 27,633,758</b>	<b>\$ 28,225,358</b>	<b>\$ (591,600)</b>
<b>Total Current Expenditures</b>	<b>39,168,752</b>	<b>31,795</b>	<b>39,200,547</b>	<b>39,685,263</b>	<b>(484,716)</b>
<b>EXPENDITURES</b>					
<b>CAPITAL OUTLAY</b>					
Equipment					
Regular Instruction					
Grades 6-8		5,000	5,000	4,855	145
Special Education Instruction					
Auditory Impairments	6,000	-	6,000	1,943	4,057
Non-Instructional Services					
Admin. Info. Technology		11,975	11,975	11,975	-
Required Maintenance of School Facilities	10,500	(908)	9,592	6,257	3,335
Student Transportation	3,000	-	3,000	3,000	3,000
School Buses - Regular	-	188,338	188,338	188,338	-
<b>Total Equipment</b>	<b>19,500</b>	<b>204,405</b>	<b>223,905</b>	<b>213,368</b>	<b>10,537</b>
Facilities Acquisition and Construction Svces.					
Purchased Professional and Technical Services		6,600	6,600	-	6,600
Construction Services	154,000	(2,835)	151,165	44,210	106,955
Other Objects - Debt Service Assessment	31,131	-	31,131	31,131	-
<b>Total Facilities Acquisition and Construction Svces.</b>	<b>185,131</b>	<b>3,765</b>	<b>188,896</b>	<b>75,341</b>	<b>113,555</b>
<b>Total Capital Outlay</b>	<b>204,631</b>	<b>208,170</b>	<b>412,801</b>	<b>288,709</b>	<b>124,092</b>
<b>Total Expenditures</b>	<b>39,373,383</b>	<b>239,965</b>	<b>39,613,348</b>	<b>39,973,972</b>	<b>(360,624)</b>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(812,000)	(237,001)	(1,049,001)	1,480,608	2,529,609
Other Financing Sources (Uses)					
Transfers In-Capital Projects Fund	-	-	-	160,176	160,176
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>160,176</b>	<b>160,176</b>
Expenditures and Other Financing Uses	(812,000)	(237,001)	(1,049,001)	1,640,784	2,689,785
Fund Balance, Beginning of Year	3,541,398	-	3,541,398	3,541,398	-
<b>Fund Balance, End of Year</b>	<b>\$ 2,729,398</b>	<b>\$ (237,001)</b>	<b>2,492,397</b>	<b>\$ 5,182,182</b>	<b>\$ 2,689,785</b>

**BRANCHBURG BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**EXHIBIT C-1**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>Recapitulation:</b>					
<b>Restricted Fund Balance</b>					
Capital Reserve				\$ 1,152,739	
Tuition Adjustment Reserve - Designated for Subsequent Year's Expenditures				450,000	
Tuition Adjustment Reserve - 2011/2012				600,000	
Maintenance Reserve				250,000	
Emergency Reserve				120,000	
Reserved Excess Surplus Designated for Subsequent Year's Expenditures				354,158	
Reserved Excess Surplus				503,518	
<b>Assigned Fund Balance</b>					
Designated for Subsequent Year's Expenditures				553,034	
Year-End Encumbrances				417,511	
<b>Unassigned Fund Balance</b>					
Undesignated Fund Balance				781,222	
				5,182,182	
<b>Reconciliation to Governmental Funds Statements (GAAP):</b>					
Less:					
2011/2012 Final State Aid Payments Not Recognized on a GAAP Basis			\$ (142,140)		
2011/2012 Extraordinary Aid Not Recognized on a GAAP Basis			(463,041)		
				(605,181)	
Fund Balance per Governmental Funds (GAAP)				\$ 4,577,001	

**BRANCHBURG BOARD OF EDUCATION  
GENERAL FUND  
EDUCATION JOBS FUND  
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>REVENUES</b>					
Federal Sources					
Education Jobs Fund	\$ 94,626	\$ 2,964	\$ 97,590	\$ 97,590	-
Total Federal Sources	<u>94,626</u>	<u>2,964</u>	<u>97,590</u>	<u>97,590</u>	<u>-</u>
Total Revenues	<u>94,626</u>	<u>2,964</u>	<u>97,590</u>	<u>97,590</u>	<u>-</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
Instruction - Regular Programs					
Basic Skills/Remedial Instruction					
Salaries of Teachers	94,626	2,964	97,590	97,590	-
Total Basic Skills/Remedial Instruction	<u>94,626</u>	<u>2,964</u>	<u>97,590</u>	<u>97,590</u>	<u>-</u>
Total Instruction	<u>94,626</u>	<u>2,964</u>	<u>97,590</u>	<u>97,590</u>	<u>-</u>
Total Current Expenditures	<u>94,626</u>	<u>2,964</u>	<u>97,590</u>	<u>97,590</u>	<u>-</u>
Total Expenditures	\$ 94,626	\$ 2,964	\$ 97,590	\$ 97,590	-
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BRANCHBURG BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
State Sources	\$ 17,000	\$ (1,024)	\$ 15,976	\$ 10,482	\$ (5,494)
Federal Sources	464,480	325,301	789,781	705,966	(83,815)
Local	8,000	60,604	68,604	55,010	(13,594)
Total Revenues	489,480	384,881	874,361	771,458	(102,903)
<b>EXPENDITURES</b>					
Instruction					
Purchased Prof./Tech. Svcs.	6,000	19,863	25,863	16,152	9,711
Tuition	424,480	231,810	656,290	625,416	30,874
General Supplies	8,000	24,232	32,232	22,959	9,273
Textbooks	5,000	(2,752)	2,248	2,248	-
Total Instruction	443,480	273,153	716,633	666,775	49,858
Support Services					
Purchased Prof./Tech. Svcs.	6,000	81,520	87,520	41,101	46,419
Purchased Prof. Educ. Svcs.	20,000	(4,248)	15,752	10,500	5,252
Other Purchased Services		7,660	7,660	6,436	1,224
Supplies and Materials	20,000	13,598	33,598	33,448	150
Total Support Services	46,000	98,530	144,530	91,485	53,045
Facilities Acquisition and Construction					
Construction Services	-	13,198	13,198	13,198	-
Total Facilities Acquisition and Construction	66,000	13,198	13,198	13,198	-
Total Expenditures	489,480	384,881	874,361	771,458	102,903
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

**BRANCBURG BOARD OF EDUCATION  
GENERAL AND SPECIAL REVENUE FUNDS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

The accounting records of the Special Revenue Funds 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.

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	<u>General Fund</u>		<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources</b>			
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule	(C-1) \$ 41,454,580	(C-2) \$	771,458
Reserve for Encumbrance - June 30, 2012			(2,650)
Reserve for Encumbrance - June 30, 2011			5,261
Certain State Aid payments recognized for GAAP purposes, not recognized for budgetary statements.(2010/2011 State Aid)	651,806		
Certain State Aid payments recognized for budgetary purposes, not recognized for GAAP statements. (2011/2012 State Aid)	<u>(605,181)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>41,501,205</u>		\$ <u>774,069</u>
<b>Uses/Outflows of Resources</b>			
Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule	(C-1) \$ 39,973,972	(C-2) \$	771,458
Reserve for Encumbrance - June 30, 2012			(2,650)
Reserve for Encumbrance - June 30, 2011	<u>-</u>		<u>5,261</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>39,973,972</u>	(B-2) \$	<u>774,069</u>

**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

BRANCHBURG BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	IDEA Part B- Basic	IDEA Pre- School	ARRA IDEA Part B-Basic	Title II-A	Title III	Subtotal Page 2	Total
<b>REVENUES</b>							
Intergovernmental							
State	\$ 618,199	\$ 45,210	\$ 293	\$ 41,991	\$ 273	\$ 10,482	\$ 10,482
Federal	-	-	-	-	-	-	705,966
Local	-	-	-	-	-	55,010	55,010
Total Revenues	\$ 618,199	\$ 45,210	\$ 293	\$ 41,991	\$ 273	\$ 65,492	\$ 771,458
<b>EXPENDITURES</b>							
Instruction							
Purchased Professional & Technical Services	580,206	45,210	-	-	-	16,152	16,152
Tuition	-	-	-	-	-	-	625,416
General Supplies	-	-	-	-	-	22,959	22,959
Textbooks	-	-	-	-	-	2,248	2,248
Total Instruction	580,206	45,210	-	-	-	41,359	666,775
Support Services							
Purchased Professional and Technical Services	37,993	-	-	-	-	3,108	41,101
Purchased Professional Education Services	-	-	293	10,500	-	-	10,500
Other Purchased Services	-	-	-	6,143	-	-	6,436
Supplies and Materials	-	-	-	25,348	273	7,827	33,448
Total Support Services	37,993	-	293	41,991	273	10,935	91,485
Facilities Acquisition and Construction							
Non-Instructional Equipment	-	-	-	-	-	13,198	13,198
Total Facilities Acquisition and Construction	-	-	-	-	-	13,198	13,198
Total Expenditures	\$ 618,199	\$ 45,210	\$ 293	\$ 41,991	\$ 273	\$ 65,492	\$ 771,458

BRANCHBURG BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Non Public Aid				Subtotal Page 2
	Nursing	Textbooks	Corrective Speech	Local Grants	
<b>REVENUES</b>					
Intergovernmental					
State	\$ 3,108	\$ 2,248	\$ 5,126		\$ 10,482
Federal	-	-	-	\$ 55,010	-
Local	-	-	-		55,010
Total Revenues	<u>\$ 3,108</u>	<u>\$ 2,248</u>	<u>\$ 5,126</u>	<u>\$ 55,010</u>	<u>\$ 65,492</u>
<b>EXPENDITURES</b>					
Instruction					
Purchased Professional and Technical Services			\$ 5,126	\$ 11,026	\$ 16,152
Tuition				22,959	22,959
General Supplies		\$ 2,248			2,248
Textbooks					2,248
Total Instruction	-	<u>2,248</u>	<u>5,126</u>	<u>33,985</u>	<u>41,359</u>
Support Services					
Purchased Professional and Technical Services	\$ 3,108				3,108
Other Purchased Services				7,827	-
Supplies and Materials					7,827
Total Support Services	<u>3,108</u>			<u>7,827</u>	<u>10,935</u>
Facilities Acquisition and Construction					
Non-Instructional Equipment				13,198	13,198
Total Facilities Acquisition and Construction				<u>13,198</u>	<u>13,198</u>
Total Expenditures	<u>\$ 3,108</u>	<u>\$ 2,248</u>	<u>\$ 5,126</u>	<u>\$ 55,010</u>	<u>\$ 65,492</u>

**BRANCBURG BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION PROGRAM AID  
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOT APPLICABLE

**CAPITAL PROJECTS FUND**

**BRANCHBURG BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<u>Date</u>	<u>Issue/Project Title</u>	<u>Expenditures to Date</u>				<u>Current Year Transfer to General Fund Capital Reserve</u>	<u>Transferred to Debt Service</u>	<u>Unexpended Balance, June 30, 2012</u>
		<u>Appropriation</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Cancelled</u>			
8/5/2002	Renovations and Additions to Middle School	\$ 16,991,000	\$ 16,811,944			\$ 178,206	\$ 850	
10/27/2004	Renovations to Old York School	1,193,958	1,191,164		\$ 2,794			
8/2/2004	Renovations to Middle School	1,150,869	1,147,902		2,967			
11/10/2005	Exterior Lighting at Old York School	3,415	3,272				143	
N/A	Safety Fencing at Middle School	9,545	8,970				575	
11/10/2005	ADA Signage and Exterior Lighting at Stony Brook School	21,108	19,893				1,215	
N/A	HVAC Upgrades	157,280	111,449		45,831			
11/10/2005	Bleacher Safety Rails and Wall Panels at Middle School	10,745	3,250				7,495	
N/A	HVAC/Solar Project	3,305,000	3,082,797			111,849	110,354	
N/A	Middle School New Gym Lighting	24,658	10,084				14,574	
N/A	Stony Brook School New Gym Lighting	4,082	2,832				1,250	
N/A	Whiton Brook School New Gym Lighting	8,139	1,416				6,723	
N/A	Old York School New Gym Lighting	2,855	2,463				392	
N/A	Stony Brook School Roof Replacement	1,013,775	797,360		\$ 107,831	108,584	-	
N/A	Lease Purchase Various Equipment	380,000	368,808	\$ 11,192	-	-	-	
		<u>\$ 24,276,429</u>	<u>\$ 23,563,604</u>	<u>\$ 11,192</u>	<u>\$ 107,831</u>	<u>\$ 160,176</u>	<u>\$ 290,055</u>	<u>\$ 143,571</u>
	Project Balance						\$ 143,571	
	Fund Balance						\$ 143,571	
	<b><u>Recapitulation of Fund Balance:</u></b>							
	Available for Capital Projects						\$ 87,969	
	Reserve for Debt Service						<u>55,602</u>	
	Total Fund Balance - Restricted for Capital Projects						<u>\$ 143,571</u>	

**BRANCHBURG BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2012**

<b>Expenditures and Other Financing Uses</b>	
Administrative Expenses	\$ 11,192
Operating Transfer Out-General Fund - Return Unexpended Capital Reserve Funds	160,176
Operating Transfer Out-Debt Service Fund	111,849
SDA Grant Receivable Cancelled	<u>107,831</u>
 Total Expenditures	 <u>391,048</u>
 Excess of Expenditures Over Revenues	 (391,048)
 Fund Balance - Beginning	 <u>534,619</u>
 Fund Balance - Ending	 <u>\$ 143,571</u>

**BRANCBURG BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
RENOVATIONS AND ADDITIONS TO MIDDLE SCHOOL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 3,326,880		\$ 3,326,880	
Bond Proceeds	<u>13,664,120</u>	<u>-</u>	<u>13,664,120</u>	<u>-</u>
Total Revenues	<u>16,991,000</u>	<u>-</u>	<u>16,991,000</u>	<u>-</u>
<b>Expenditures and Other Financing Uses</b>				
Equipment	11,487		11,487	
Purchased Professional and Technical Services	1,417,360		1,417,360	
Construction Services	15,383,097		15,383,097	
Transfer to Reserve for Debt Service	<u>178,206</u>	<u>-</u>	<u>178,206</u>	<u>-</u>
Total Expenditures	<u>16,990,150</u>	<u>-</u>	<u>16,990,150</u>	<u>-</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 850</u>	<u>\$ -</u>	<u>\$ 850</u>	<u>\$ -</u>
<b>Additional Project Information:</b>				
Project Number	SP0510-020-00-0332-00			
Grant Date	8/5/02			
Bond Authorization Date				
Bonds Authorized	-			
Bonds Issues	-			
Original Authorized Cost	\$ 16,991,000			
Adjustment				
Revised Authorized Cost	\$ 16,991,000			
Percentage Increase Over Original Authorized Cost				
Percentage Completion	100%			
Original Target Completion Date	8/1/2003			
Revised Target Completion Date	8/1/2003			

**BRANCHBURG BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
RENOVATIONS TO OLD YORK SCHOOL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 472,686		\$ 472,686	
Transfer from Capital Reserve	397,956	\$ (2,794)	395,162	
Lease Purchase	323,317	-	323,317	-
	<u>1,193,959</u>	<u>(2,794)</u>	<u>1,191,165</u>	<u>-</u>
<b>Total Revenues</b>				
<b>Expenditures and Other Financing Uses</b>				
Construction Services	<u>1,191,165</u>	<u>-</u>	<u>1,191,165</u>	<u>-</u>
<b>Total Expenditures</b>				
	<u>1,191,165</u>	<u>-</u>	<u>1,191,165</u>	<u>-</u>
<b>Excess (Deficiency) or Revenues Over (Under) Expenditures</b>				
	<u>\$ 2,794</u>	<u>\$ (2,794)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Additional Project Information:</b>				
Project Number	SP0510-050-01-00NH			
Grant Date	10/27/04			
Bond Authorization Date				
Bonds Authorized				
Bonds Issues	-			
Original Authorized Cost	\$ 1,205,238			
Adjustment	(14,073)			
Revised Authorized Cost	\$ 1,191,165			
<b>Percentage Increase Over Original Authorized Cost</b>				
Percentage Completion	100%			
Original Target Completion Date	6/1/2005			
Revised Target Completion Date	12/1/2007			

**BRANCBURG BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
RENOVATIONS TO MIDDLE SCHOOL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 461,063		\$ 461,063	
Transfer from Capital Reserve	309,212	\$ (2,967)	306,245	
Lease Purchase	380,594	-	380,594	-
	<u>1,150,869</u>	<u>(2,967)</u>	<u>1,147,902</u>	<u>-</u>
<b>Total Revenues</b>				
<b>Expenditures and Other Financing Uses</b>				
Construction Services	<u>1,147,902</u>	\$ -	<u>1,147,902</u>	<u>-</u>
	<u>1,147,902</u>	<u>-</u>	<u>1,147,902</u>	<u>-</u>
<b>Total Expenditures</b>				
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 2,967</u>	<u>\$ (2,967)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Additional Project Information:</b>				
Project Number	SP0510-020-04-00NG			
Grant Date	N/A			
Bond Authorization Date				
Bonds Authorized				
Bonds Issues	-			
Original Authorized Cost	\$ 1,152,658			
Adjustment	(4,756)			
Revised Authorized Cost	\$ 1,147,902			
Percentage Increase Over Original Authorized Cost				
Percentage Completion	100%			
Original Target Completion Date	6/1/2005			
Revised Target Completion Date	12/1/2007			

**BRANCBURG BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
EXTERIOR LIGHTING AT OLD YORK SCHOOL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 566		\$ 566	
Transfers from Capital Reserve	2,849	-	2,849	-
	<u>3,415</u>	<u>-</u>	<u>3,415</u>	<u>-</u>
<b>Total Revenues</b>				
<b>Expenditures and Other Financing Uses</b>				
Construction Services	3,272	-	3,272	-
	<u>3,272</u>	<u>-</u>	<u>3,272</u>	<u>-</u>
<b>Total Expenditures</b>				
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 143</u>	<u>\$ -</u>	<u>\$ 143</u>	<u>\$ -</u>
<b>Additional Project Information:</b>				
Project Number	SP0510-050-04-00XV			
Grant Date	11/10/2005			
Bond Authorization Date				
Bonds Authorized				
Bonds Issues				
Original Authorized Cost	\$ 3,415			
Adjustment				
Revised Authorized Cost	\$ 3,415			
Percentage Increase Over Original Authorized Cost				
Percentage Completion	100%			
Original Target Completion Date	12/31/2006			
Revised Target Completion Date	12/31/2007			

**BRANCBURG BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
SAFETY FENDING AT MIDDLE SCHOOL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Transfer from Capital Reserve	\$ 9,545	-	\$ 9,545	\$ -
Total Revenues	9,545	-	9,545	-
<b>Expenditures and Other Financing Uses</b>				
Construction Services	8,970	-	8,970	-
Total Expenditures	8,970	-	8,970	-
Excess (Deficiency) or Revenues Over (Under) Expenditures	\$ 575	\$ -	\$ 575	\$ -
<b>Additional Project Information:</b>				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date				
Bonds Authorized				
Bonds Issues				
Original Authorized Cost	\$ 9,545			
Adjustment				
Revised Authorized Cost	\$ 9,545			
Percentage Increase Over Original Authorized Cost				
Percentage Completion	100.00%			
Original Target Completion Date	12/31/2006			
Revised Target Completion Date	12/31/2006			

**BRANCBURG BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
ADA SIGNAGE AND EXTERIOR LIGHTING AT STONY BROOK SCHOOL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 1,875		\$ 1,875	
Transfer from Capital Reserve	19,233	-	19,233	-
	<u>21,108</u>	<u>-</u>	<u>21,108</u>	<u>-</u>
Total Revenues				
<b>Expenditures and Other Financing Uses</b>				
Construction Services	19,893	-	19,893	-
	<u>19,893</u>	<u>-</u>	<u>19,893</u>	<u>-</u>
Total Expenditures				
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 1,215</u>	<u>\$ -</u>	<u>\$ 1,215</u>	<u>\$ -</u>
<b>Additional Project Information:</b>				
Project Number	SP0510-060-04-0AEC			
Grant Date	11/10/2005			
Bond Authorization Date				
Bonds Authorized				
Bonds Issues				
Original Authorized Cost	\$ 21,108			
Adjustment				
Revised Authorized Cost	\$ 21,108			
Percentage Increase Over Original Authorized Cost				
Percentage Completion	100.00%			
Original Target Completion Date	12/31/2006			
Revised Target Completion Date	12/31/2006			

**BRANCBURG BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
HVAC UPGRADES  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Transfer from Capital Reserve	\$ 157,280	\$ (45,831)	\$ 111,449	-
Total Revenues	<u>157,280</u>	<u>(45,831)</u>	<u>111,449</u>	<u>-</u>
<b>Expenditures and Other Financing Uses</b>				
Construction Services	<u>111,449</u>	<u>-</u>	<u>111,449</u>	<u>-</u>
Total Expenditures	<u>111,449</u>	<u>-</u>	<u>111,449</u>	<u>-</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 45,831</u>	<u>\$ (45,831)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Additional Project Information:</b>				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date				
Bonds Authorized				
Bonds Issues				
Original Authorized Cost	\$ 85,000			
Adjustment	26,449			
Revised Authorized Cost	\$ 111,449			
Percentage Increase Over Original Authorized Cost	31%			
Percentage Completion	100.00%			
Original Target Completion Date	12/31/2006			
Revised Target Completion Date	12/31/2007			

**BRANCBURG BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
BLEACHER SAFETY RAILS AND WALL PANELS AT MIDDLE SCHOOL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 4,298		\$ 4,298	
Transfer from Capital Reserve	6,447	-	6,447	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	10,745	-	10,745	-
<b>Expenditures and Other Financing Uses</b>				
Construction Services	3,250	-	3,250	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	3,250	-	3,250	-
<b>Excess (Deficiency) or Revenues Over (Under) Expenditures</b>				
	<u>\$ 7,495</u>	<u>\$ -</u>	<u>\$ 7,495</u>	<u>\$ -</u>
<b>Additional Project Information:</b>				
Project Number	SP0510-020-04-OAED			
Grant Date	11/10/2005			
Bond Authorization Date				
Bonds Authorized				
Bonds Issues				
Original Authorized Cost	\$ 10,745			
Adjustment				
Revised Authorized Cost	\$ 10,745			
Percentage Increase Over Original Authorized Cost				
Percentage Completion	100.00%			
Original Target Completion Date	12/31/2006			
Revised Target Completion Date	12/31/2007			

**BRANCBURG BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
HVAC/SOLAR PROJECT  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds	\$ 3,305,000	-	\$ 3,305,000	-
Total Revenues	<u>3,305,000</u>	<u>-</u>	<u>3,305,000</u>	<u>-</u>
<b>Expenditures and Other Financing Uses</b>				
Legal Services	14,342		14,342	-
Other Purchased Professional and Technical Services	210,806		210,806	-
Construction Services	2,857,649		2,857,649	-
Transfer to Debt Service Fund	-	\$ 111,849	111,849	-
Total Expenditures	<u>3,082,797</u>	<u>111,849</u>	<u>3,194,646</u>	<u>-</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 222,203</u>	<u>\$ (111,849)</u>	<u>\$ 110,354</u>	<u>\$ -</u>
<b>Additional Project Information:</b>				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date				
Bonds Authorized				
Bonds Issues				
Original Authorized Cost	\$ 3,505,000			
Adjustment				
Revised Authorized Cost	\$ 3,505,000			
Percentage Increase Over Original Authorized Cost				
Percentage Completion	100.00%			
Original Target Completion Date	6/30/2008			
Revised Target Completion Date	6/30/2008			

**BRANCBURG BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
MIDDLE SCHOOL NEW GYM LIGHTING  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 9,863	-	\$ 9,863	\$ 9,863
Transfer from Capital Reserve	14,795	-	14,795	14,795
	<u>24,658</u>	<u>-</u>	<u>24,658</u>	<u>24,658</u>
<b>Total Revenues</b>				
<b>Expenditures and Other Financing Uses</b>				
Other Purchased Professional and Technical Services	10,084	-	10,084	24,658
	<u>10,084</u>	<u>-</u>	<u>10,084</u>	<u>24,658</u>
<b>Total Expenditures</b>				
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 14,574</u>	<u>\$ -</u>	<u>\$ 14,574</u>	<u>\$ -</u>
<b>Additional Project Information:</b>				
Project Number	0510-020-09-0ZXU			
Grant Date	9/24/2010			
Bond Authorization Date				
Bonds Authorized				
Bonds Issues				
Original Authorized Cost	\$ 24,658			
Adjustment				
Revised Authorized Cost	\$ 24,658			
Percentage Increase Over Original Authorized Cost				
Percentage Completion	100.00%			
Original Target Completion Date	6/30/2011			
Revised Target Completion Date	6/30/2011			

**BRANCHBURG BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
STONY BROOK SCHOOL NEW GYM LIGHTING  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 1,633	-	\$ 1,633	\$ 1,633
Transfer from Capital Reserve	2,449	-	2,449	2,449
	<u>4,082</u>	<u>-</u>	<u>4,082</u>	<u>4,082</u>
<b>Expenditures and Other Financing Uses</b>				
Other Purchased Professional and Technical Services	2,832	-	2,832	4,082
	<u>2,832</u>	<u>-</u>	<u>2,832</u>	<u>4,082</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 1,250</u>	<u>\$ -</u>	<u>\$ 1,250</u>	<u>\$ -</u>
<b>Additional Project Information:</b>				
Project Number	0510-060-09-0ZXW			
Grant Date	9/24/2010			
Bond Authorization Date				
Bonds Authorized				
Bonds Issues				
Original Authorized Cost	\$ 4,082			
Adjustment				
Revised Authorized Cost	\$ 4,082			
Percentage Increase Over Original Authorized Cost				
Percentage Completion	100.00%			
Original Target Completion Date	6/30/2011			
Revised Target Completion Date	6/30/2011			

**BRANCBURG BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
WHITON SCHOOL NEW GYM LIGHTING  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 3,255		\$ 3,255	\$ 3,255
Transfer from Capital Reserve	<u>4,884</u>	<u>-</u>	<u>4,884</u>	<u>4,884</u>
Total Revenues	<u>8,139</u>	<u>-</u>	<u>8,139</u>	<u>8,139</u>
<b>Expenditures and Other Financing Uses</b>				
Other Purchased Professional and Technical Services	<u>1,416</u>	<u>-</u>	<u>1,416</u>	<u>8,139</u>
Total Expenditures	<u>1,416</u>	<u>-</u>	<u>1,416</u>	<u>8,139</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 6,723</u>	<u>\$ -</u>	<u>\$ 6,723</u>	<u>\$ -</u>
<b>Additional Project Information:</b>				
Project Number	0510-090-09-0ZXX			
Grant Date	9/27/2010			
Bond Authorization Date				
Bonds Authorized				
Bonds Issues				
Original Authorized Cost	\$ 8,139			
Adjustment				
Revised Authorized Cost	\$ 8,139			
Percentage Increase Over Original Authorized Cost				
Percentage Completion	100.00%			
Original Target Completion Date	6/30/2011			
Revised Target Completion Date	6/30/2011			

**BRANCBURG BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
WHITON SCHOOL NEW GYM LIGHTING  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Lease Purchase Proceeds	\$ 380,000	-	\$ 380,000	\$ 380,000
Total Revenues	<u>380,000</u>	<u>-</u>	<u>380,000</u>	<u>380,000</u>
<b>Expenditures and Other Financing Uses</b>				
Other Purchased Professional and Technical Services	3,000		3,000	3,000
Lease Purchase Acquisitions	365,348		365,348	365,348
Administrative Expenses	460	\$ 11,192	11,652	11,652
Total Expenditures	<u>368,808</u>	<u>11,192</u>	<u>380,000</u>	<u>380,000</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 11,192</u>	<u>\$ (11,192)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Additional Project Information:</b>				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Lease Purchase Authorized	\$ 380,000			
Proceeds Issued	380,000			
Original Authorized Cost	380,000			
Adjustment				
Revised Authorized Cost	\$ 380,000			
Percentage Increase Over Original Authorized Cost				
Percentage Completion	100.00%			
Original Target Completion Date	6/30/2011			
Revised Target Completion Date	6/30/2011			

**BRANCBURG BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
STONY BROOK SCHOOL ROOF REPLACEMENT  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources SDA Grant	\$ 426,775	\$ (107,831)	\$ 318,944	\$ 318,944
Transfer from Capital Reserve	<u>587,000</u>	<u>(108,584)</u>	<u>478,416</u>	<u>640,162</u>
Total Revenues	<u>1,013,775</u>	<u>(216,415)</u>	<u>797,360</u>	<u>959,106</u>
<b>Expenditures and Other Financing Uses</b>				
Other Purchased Professional and Technical Services	19,560		19,560	
Construction Services	<u>777,800</u>	<u>-</u>	<u>777,800</u>	<u>959,106</u>
Total Expenditures	<u>797,360</u>	<u>-</u>	<u>797,360</u>	<u>959,106</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 216,415</u>	<u>\$ (216,415)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Additional Project Information:</b>				
Project Number	0510-060-10-G0AZ			
Grant Date	9/24/2010			
Bond Authorization Date				
Bonds Authorized				
Bonds Issues				
Original Authorized Cost	\$ 1,066,937			
Adjustment	(160,993)			
Revised Authorized Cost	\$ 905,944			
Percentage Increase Over Original Authorized Cost				
Percentage Completion	100.00%			
Original Target Completion Date	6/30/2011			
Revised Target Completion Date	6/30/2011			

**BRANCBURG BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
OLD YORK SCHOOL NEW GYM LIGHTING  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Transfer from Capital Reserve	\$ 2,855	-	\$ 2,855	\$ 2,855
Total Revenues	<u>2,855</u>	<u>-</u>	<u>2,855</u>	<u>2,855</u>
<b>Expenditures and Other Financing Uses</b>				
Supplies	<u>2,463</u>	<u>-</u>	<u>2,463</u>	<u>2,855</u>
Total Expenditures	<u>2,463</u>	<u>-</u>	<u>2,463</u>	<u>2,855</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 392</u>	<u>\$ -</u>	<u>\$ 392</u>	<u>\$ -</u>
<b>Additional Project Information:</b>				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date				
Bonds Authorized				
Bonds Issues				
Original Authorized Cost	\$ 2,855			
Adjustment				
Revised Authorized Cost	\$ 2,855			
Percentage Increase Over Original Authorized Cost				
Percentage Completion	100.00%			
Original Target Completion Date	6/30/2011			
Revised Target Completion Date	6/30/2011			

**PROPRIETARY FUNDS**

**EXHIBIT G-1**

**BRANCBURG BOARD OF EDUCATION  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2012**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**EXHIBIT G-2**

**COMBINING STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

**COMBINING STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**FIDUCIARY FUNDS**

**BRANCBURG BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2012**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 104,966	\$ 2,511	\$ 107,477
Due from Other Funds	<u>-</u>	<u>1,273,472</u>	<u>1,273,472</u>
 Total Assets	 <u>\$ 104,966</u>	 <u>\$ 1,275,983</u>	 <u>\$ 1,380,949</u>
 <b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 1,030	\$ 1,030
Summer Savings Deductions Payable		1,192	1,192
Accrued Salaries and Wages		1,273,761	1,273,761
Due to Student Groups	<u>\$ 104,966</u>	<u>-</u>	<u>104,966</u>
 Total Liabilities	 <u>\$ 104,966</u>	 <u>\$ 1,275,983</u>	 <u>\$ 1,380,949</u>

**BRANCBURG BOARD OF EDUCATION  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

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

<u>School</u>	<u>Balance July 1, 2011</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2012</u>
Student Activity				
Central Middle School	\$ 82,661	\$ 87,353	\$ 90,256	\$ 79,758
Old York School	4,092	1,482	5,574	-
Whiton School	13,590	44,990	44,521	14,059
Stony Brook School	<u>5,474</u>	<u>45,934</u>	<u>40,259</u>	<u>11,149</u>
 Total	 <u>\$ 105,817</u>	 <u>\$ 179,759</u>	 <u>\$ 180,610</u>	 <u>\$ 104,966</u>

## EXHIBIT H-4

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

	<u>Balance, July 1, 2011</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2012</u>
Payroll Deductions and Withholdings	\$ 7,502	\$ 7,543,275	\$ 7,549,747	\$ 1,030
Summer Savings Deductions Payable	1,191	56,023	56,022	1,192
Accrued Salaries and Wages	1,291,674	10,827,160	10,845,073	1,273,761
Due from Other Funds	<u>(1,291,385)</u>	<u>1,291,385</u>	<u>1,273,472</u>	<u>(1,273,472)</u>
	 <u>\$ 8,982</u>	 <u>\$ 19,717,843</u>	 <u>\$ 19,724,314</u>	 <u>\$ 2,511</u>

**LONG-TERM DEBT**

BRANCHBURG BOARD OF EDUCATION  
 SCHEDULE OF SERIAL BONDS PAYABLE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance, July 1, 2011	Retired	Balance, June 30, 2012
			Date	Amount				
School Bonds of 2001	8/15/2001	\$ 18,218,000				\$ 225,000	\$ 225,000	
Refunding Bonds of 2006	7/15/2006	18,100,000	7/15/2012	\$ 305,000	3.750%			
			7/15/2013	345,000	5.000%			
			7/15/2014	385,000	5.000%			
			7/15/2015	435,000	5.000%			
			7/15/2016	490,000	5.000%			
			7/15/2017	545,000	5.000%			
			7/15/2018	605,000	5.000%			
			7/15/2019	665,000	4.000%			
			7/15/2020	735,000	4.000%			
			7/15/2021	800,000	4.125%			
			7/15/2022	880,000	4.125%			
			7/15/2023	960,000	4.125%			
			7/15/2024	1,045,000	4.125%			
			7/15/2025	1,145,000	4.250%			
		7/15/2026	1,245,000	4.250%				
		7/15/2027	1,305,000	4.250%				
		7/15/2028	1,360,000	4.250%				
		7/15/2029	1,425,000	4.250%				
		7/15/2030	1,495,000	4.250%				
		7/15/2031	1,560,000	4.250%	17,775,000	45,000	17,730,000	
School Bonds of 2007	2/1/2007	3,305,000	2/1/2013	200,000	4.000%			
			2/1/2014	210,000	4.000%			
			2/1/2015	215,000	4.000%			
			2/1/2016	225,000	4.000%			
			2/1/2017	235,000	4.000%			
			2/1/2018	245,000	4.000%			
			2/1/2019	255,000	4.000%			
			2/1/2020	265,000	4.000%			
		2/1/2021	275,000	4.000%				
		2/1/2022	290,000	4.000%	2,605,000	190,000	2,415,000	

BRANCHBURG BOARD OF EDUCATION  
 SCHEDULE OF SERIAL BONDS PAYABLE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2011</u>	<u>Retired</u>	<u>Balance, June 30, 2012</u>
Refunding Bonds of 2010	11/16/2010	\$ 9,760,000	2/1/2013	\$ 570,000	3.000%			
			2/1/2014	570,000	3.000%			
			2/1/2015	565,000	3.000%			
			2/1/2016	575,000	3.000%			
			2/1/2017	490,000	4.000%			
			2/1/2018	515,000	4.000%			
			2/1/2019	535,000	4.000%			
			2/1/2020	555,000	4.000%			
			2/1/2021	585,000	4.000%			
			2/1/2022	605,000	4.000%			
			2/1/2023	815,000	3.250%			
			2/1/2024	835,000	4.000%			
			2/1/2025	880,000	3.500%			
			2/1/2026	915,000	3.625%			
						\$ 9,595,000	\$ 585,000	\$ 9,010,000
						\$ 30,200,000	\$ 1,045,000	\$ 29,155,000
							\$ 1,045,000	

Paid by Budget

**BRANCBURG BOARD OF EDUCATION**  
**SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE/LEASE PURCHASE AGREEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance, July 1, 2011</u>	<u>Retired</u>	<u>Balance, June 30, 2012</u>
Various Equipment	4.10	\$ 151,400	\$ 31,396	\$ 31,396	
Lease Purchase Agreement - Various Equipment	3.22	380,000	<u>308,739</u>	<u>73,555</u>	<u>\$ 235,184</u>
			<u>\$ 340,135</u>	<u>\$ 104,951</u>	<u>\$ 235,184</u>

**BRANCHBURG BOARD OF EDUCATION  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Property Tax Levy	\$ 2,038,829		\$ 2,038,829	\$ 2,038,829	
State Sources:					
Debt Service Aid Type II	99,947	-	99,947	99,947	
<b>Total Revenues</b>	<u>2,138,776</u>	<u>-</u>	<u>2,138,776</u>	<u>2,138,776</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	1,205,626		1,205,626	1,205,625	\$ 1
Redemption of Principal	1,045,000		1,045,000	1,045,000	
<b>Total Expenditures</b>	<u>2,250,626</u>	<u>-</u>	<u>2,250,626</u>	<u>2,250,625</u>	<u>1</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(111,850)</u>	<u>-</u>	<u>(111,850)</u>	<u>(111,849)</u>	<u>1</u>
<b>Other Financing Sources (Uses):</b>					
Operating Transfers In	111,849		111,849	111,849	
Capital Projects Fund					
<b>Total Other Financing Sources/(Uses)</b>	<u>111,849</u>	<u>-</u>	<u>111,849</u>	<u>111,849</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>1</u>
<b>Fund Balance, Beginning of Year</b>	<u>681</u>		<u>681</u>	<u>681</u>	
<b>Fund Balance, End of Year</b>	<u>\$ 680</u>	<u>\$ -</u>	<u>\$ 680</u>	<u>\$ 681</u>	<u>\$ 1</u>
<b>Recapitulation of Fund Balance:</b>					
Designated for Subsequent Year's Expenditures			\$ 680		
Available for Future Debt Service Expenditures			<u>1</u>		
<b>Total Fund Balance - Restricted for Debt Service</b>			<u>\$ 681</u>		

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

#### **Revenue Capacity**

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**BRANCHBURG BOARD OF EDUCATION**  
**NET ASSETS BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
(Unaudited)  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental Activities</b>										
Invested in capital assets, net of related debt	\$ 1,565,402	\$ 748,021	\$ 2,285,093	\$ 1,762,927	\$ (1,299,261)	\$ (13,004,518)	\$ (9,343,289)	\$ (8,385,886)	\$ (7,809,967)	\$ 13,154,132
Restricted	1,008,801	1,137,206	986,910	1,534,860	4,274,525	4,627,275	587,316	824,455	937,178	1,546,991
Unrestricted	(166,723)	28,729	196,427	(316,094)	389,520	(819,201)	930,271	1,339,087	1,467,556	2,039,438
<b>Total governmental activities net assets</b>	<b>\$ 2,407,480</b>	<b>\$ 1,913,956</b>	<b>\$ 3,468,430</b>	<b>\$ 3,613,881</b>	<b>\$ 3,364,784</b>	<b>\$ (9,196,444)</b>	<b>\$ (7,825,702)</b>	<b>\$ (6,222,344)</b>	<b>\$ (5,405,253)</b>	<b>\$ 16,740,561</b>
<b>Business-Type Activities</b>										
Invested in capital assets, net of related debt	\$ 498	\$ 317	\$ 13,597	\$ 12,238	\$ 26,203	\$ 119,389	\$ 94,558	\$ 147,465	\$ 122,634	\$ 104,401
Restricted	3,798	73,732	115,273	173,638	132,155	156,834	109,820	102,929	169,147	232,932
<b>Total business-type activities net assets</b>	<b>\$ 4,296</b>	<b>\$ 74,049</b>	<b>\$ 128,870</b>	<b>\$ 185,876</b>	<b>\$ 158,358</b>	<b>\$ 276,223</b>	<b>\$ 204,378</b>	<b>\$ 250,394</b>	<b>\$ 291,781</b>	<b>\$ 337,333</b>
<b>District Wide</b>										
Invested in capital assets, net of related debt	\$ 1,565,900	\$ 748,338	\$ 2,298,690	\$ 1,775,165	\$ (1,273,058)	\$ (12,885,129)	\$ (9,248,731)	\$ (8,238,421)	\$ (7,687,333)	\$ 13,258,533
Restricted	1,008,801	1,137,206	986,910	1,534,860	4,274,525	4,627,275	587,316	824,455	937,178	1,546,991
Unrestricted	(162,925)	102,461	311,700	489,732	521,675	(662,567)	1,040,091	1,442,016	1,636,683	2,272,370
<b>Total district net assets</b>	<b>\$ 2,411,776</b>	<b>\$ 1,988,005</b>	<b>\$ 3,597,300</b>	<b>\$ 3,799,757</b>	<b>\$ 3,523,142</b>	<b>\$ (8,920,221)</b>	<b>\$ (7,621,324)</b>	<b>\$ (5,971,950)</b>	<b>\$ (5,113,472)</b>	<b>\$ 17,077,894</b>

**BRANCHBURG BOARD OF EDUCATION**  
**CHANGES IN NET ASSETS**  
**LAST TEN FISCAL YEARS**  
*(Unaudited)*  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 10,604,202	\$ 11,408,712	\$ 11,918,158	\$ 12,642,131	\$ 13,271,443	\$ 12,646,693	\$ 21,060,976	\$ 20,728,221	\$ 21,578,746	\$ 21,351,863
Special Education	2,786,921	3,099,476	3,564,443	4,003,364	4,427,861	3,820,566	6,696,002	7,450,996	7,068,084	7,004,098
Other Instruction	290,471	303,771	322,432	352,383	367,710	1,183,566	1,271,018	1,381,013	1,267,377	1,351,578
School Sponsored Activities and Athletics						217,358	208,497	236,499	165,574	159,147
<b>Support Services:</b>										
Tuition	6,718,142	7,272,412	8,116,982	9,914,788	10,961,121	10,390,326				
Student and Instruction Related Services	3,760,889	3,791,049	3,913,684	4,302,254	4,810,377	4,870,027	4,558,519	4,834,050	4,137,990	4,021,538
School Administrative Services	1,264,393	1,501,613	1,711,245	1,651,057	1,690,540	1,885,519	1,979,933	1,987,159	1,876,725	1,575,222
General Administrative	1,065,215	1,238,475	1,422,113	1,287,868	1,433,143	720,726	634,198	697,131	724,148	779,619
Plant Operations and Maintenance	2,407,024	2,312,155	2,396,688	2,391,933	2,678,729	3,007,956	2,684,795	2,363,098	2,217,271	1,888,476
Pupil Transportation	2,206,028	2,587,751	2,709,982	2,476,133	2,481,713	2,747,030	2,722,269	2,617,313	2,244,168	2,570,788
Central Services and Administrative										
Information Technology	27,607					1,047,036	949,876	921,521	765,201	845,897
Special Schools	1,523,100	1,509,417	1,490,385	1,314,542	1,372,291	1,495,607	1,436,255	1,496,907	1,231,818	1,269,558
Interest on Long-Term Debt	32,653,992	35,024,831	37,566,112	40,336,453	43,494,928	44,032,510	44,202,338	44,713,908	43,277,102	42,817,804
<b>Total Governmental Activities Expenses</b>	<b>\$ 33,036,806</b>	<b>\$ 35,464,793</b>	<b>\$ 38,064,703</b>	<b>\$ 40,894,729</b>	<b>\$ 44,196,491</b>	<b>\$ 44,796,098</b>	<b>\$ 44,981,338</b>	<b>\$ 45,514,893</b>	<b>\$ 44,035,448</b>	<b>\$ 43,533,415</b>
<b>Business-Type Activities:</b>										
Community Education	382,814	439,962	498,591	558,276	701,563	763,588	51,701	73,725	67,365	57,293
Food Service	382,814	439,962	498,591	558,276	701,563	763,588	727,299	727,260	690,981	658,318
Total Business-Type Activities Expense							779,000	800,985	758,346	715,611
Total District Expenses	\$ 33,036,806	\$ 35,464,793	\$ 38,064,703	\$ 40,894,729	\$ 44,196,491	\$ 44,796,098	\$ 44,981,338	\$ 45,514,893	\$ 44,035,448	\$ 43,533,415
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services	5,508,974	6,057,396	6,153,993	4,746,335	7,358,419	5,232,838	6,825	122,949	140,274	181,050
Operating Grants and Contributions							5,184,648	5,649,995	4,422,591	5,330,011
Capital Grants and Contributions										
Total Governmental Activities Program Revenues	\$ 5,508,974	\$ 6,057,396	\$ 6,153,993	\$ 4,746,335	\$ 7,358,419	\$ 5,232,838	\$ 5,191,473	\$ 5,772,944	\$ 5,004,391	\$ 5,524,259
<b>Business-Type Activities:</b>										
Charges for Services	320,543	445,816	487,300	536,834	587,971	617,291	610,983	612,303	641,284	593,262
Food Service							7,645	73,909	55,181	59,017
Community Education							87,380	102,247	101,447	107,023
Operating Grants and Contributions	58,010	63,636	64,130	72,460	77,345	86,128	706,008	788,459	797,912	759,302
Total Business-Type Activities Program Revenues	\$ 378,553	\$ 509,452	\$ 551,430	\$ 609,294	\$ 665,316	\$ 703,419	\$ 784,459	\$ 848,912	\$ 854,823	\$ 825,592
Total District Program Revenues	\$ 5,887,527	\$ 6,566,848	\$ 6,705,423	\$ 5,355,629	\$ 8,023,735	\$ 5,936,257	\$ 5,897,481	\$ 6,561,403	\$ 5,802,303	\$ 6,283,561
<b>Net (Expense)/Revenue</b>										
<b>Governmental Activities</b>	\$ (27,145,018)	\$ (28,967,435)	\$ (31,412,119)	\$ (35,590,118)	\$ (36,136,509)	\$ (38,799,672)	\$ (39,010,865)	\$ (38,940,964)	\$ (38,272,711)	\$ (37,293,545)
<b>Business-Type Activities</b>	(4,261)	69,490	32,839	51,018	36,247	(60,169)	(72,992)	(12,566)	39,566	43,691
<b>Total District-Wide Net Expense</b>	\$ (27,149,279)	\$ (28,897,945)	\$ (31,379,280)	\$ (35,339,100)	\$ (36,172,756)	\$ (38,859,841)	\$ (39,083,857)	\$ (38,953,490)	\$ (38,233,145)	\$ (37,249,854)

**BRANCHBURG BOARD OF EDUCATION**  
**CHANGES IN NET ASSETS**  
**LAST TEN FISCAL YEARS**  
*(Unaudited)*  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 25,749,395	\$ 28,878,804	\$ 31,275,744	\$ 34,311,040	\$ 34,778,141	\$ 35,971,264	\$ 36,152,955	\$ 37,147,672	\$ 36,906,051	\$ 36,590,431
Property Taxes Levied for Debt Service Principal	387,453	357,561	383,512	1,898,587	497,305	2,007,932	2,079,616	2,101,907	1,962,989	2,038,829
Federal and State Aid Not Restricted	38,271	138,705	207,948	320,661	320,428	1,247,289	132,129	42,861	46,279	45,976
Tuition (Other than Special Schools)		8,414								
Investment Earnings	46,987	16,314	65,354	152,499	313,907	283,909	68,236	16,829	10,633	5,495
Miscellaneous Income	290,085	42,342	14,997	23,905	3,763	105,061	78,493	51,121	172,761	209,060
Special Item - Proceeds from Sale of Assets		413,624								
N.J. Economic Development Authority Grants	3,916,160	(294,573)	1,030,867	14,515	(6,188)				(8,911)	
Disposition of Capital Assets, Net			(11,831)	(23,636)	(19,945)					
Net Change Due to Defeasance of Bonds				(962,000)				(57,560)		
Transfer										
Prior Year Adjustment to Capital Assets										
Write-off of Prior Year Accounts Receivable										
<b>Total Governmental Activities</b>	<b>30,428,351</b>	<b>29,144,016</b>	<b>32,966,591</b>	<b>35,735,571</b>	<b>35,887,411</b>	<b>39,615,455</b>	<b>38,511,429</b>	<b>39,302,830</b>	<b>39,089,802</b>	<b>38,889,791</b>
Business-Type Activities:										
Prior Year Adjustment				254						
Transfer										
Investment Earnings		262	1,983	5,734	8,731	3,416	1,147	982	1,821	1,861
Total Business-Type Activities		262	1,983	5,988	8,731	3,416	1,147	982	1,821	1,861
<b>Total District-Wide</b>	<b>30,428,351</b>	<b>29,144,278</b>	<b>32,968,574</b>	<b>35,741,559</b>	<b>35,896,142</b>	<b>39,618,871</b>	<b>38,512,576</b>	<b>39,361,372</b>	<b>39,091,623</b>	<b>38,891,652</b>
<b>Change in Net Assets</b>										
Governmental Activities	\$ 3,283,333	\$ 176,581	\$ 1,554,472	\$ 145,453	\$ (249,098)	\$ 815,783	\$ (499,436)	\$ 361,866	\$ 817,091	\$ 1,596,246
Business-Type Activities	(4,261)	69,752	54,822	57,006	(27,516)	(56,753)	(71,845)	46,016	41,387	45,552
<b>Total District</b>	<b>\$ 3,279,072</b>	<b>\$ 246,333</b>	<b>\$ 1,609,294</b>	<b>\$ 202,459</b>	<b>\$ (276,614)</b>	<b>\$ 759,030</b>	<b>\$ (571,281)</b>	<b>\$ 407,882</b>	<b>\$ 858,478</b>	<b>\$ 1,641,798</b>

BRANCHBURG BOARD OF EDUCATION  
 FUND BALANCES - GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS

(Unaudited)  
 (modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 47,594	\$ 1,195,488	\$ 955,011	\$ 1,807,661	\$ 1,669,829	\$ 2,450,422	\$ 2,306,637	\$ 2,428,761		
Unreserved	250,827	478,087	578,671	694,038	764,169	771,054	364,349	619,146		
Restricted									\$ 2,048,042	\$ 3,430,415
Committed									569,966	970,545
Assigned									271,584	176,041
Unassigned										
Total General Fund	\$ 298,421	\$ 1,673,575	\$ 1,533,682	\$ 2,501,699	\$ 2,433,998	\$ 3,221,476	\$ 2,670,986	\$ 3,047,907	\$ 2,889,592	\$ 4,577,001
All Other Governmental Funds										
Reserved	\$ 888,803		\$ 179,056	\$ 55,769	\$ 135,914	\$ 1,857,102		\$ 204,190		
Unreserved, Reported In										
Special Revenue Fund	(5,238)									
Capital Projects Fund	72,886	\$ 599,503	507,116	161,658	3,086,704	319,733	\$ 462,279	291,869		
Debt Service Fund	4,756	4,757	1	2	17	17	2	2		
Restricted									\$ 555,300	\$ 144,252
Unassigned										
Total All Other Governmental Funds	\$ 961,207	\$ 604,260	\$ 686,173	\$ 217,429	\$ 3,222,635	\$ 2,176,852	\$ 462,281	\$ 496,061	\$ 555,300	\$ 144,252

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

**BRANCHBURG BOARD OF EDUCATION  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**  
(Unaudited)

*(modified accrual basis of accounting)*

Fiscal Year Ended June 30,

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Property Tax Levy	\$ 27,659,948	\$ 30,745,782	\$ 33,149,641	\$ 36,209,627	\$ 36,647,737	\$ 37,979,196	\$ 38,232,571	\$ 39,249,579	\$ 38,869,040	\$ 38,629,260
Tuition Charges		8,414						122,949	140,274	181,050
Interest Earnings	46,987	16,314	65,354	152,499	313,907	283,909	68,236	16,829	10,633	5,495
Miscellaneous	319,898	76,473	69,293	63,065	48,500	46,260	85,318	51,121	172,761	209,060
State Sources	3,576,367	4,181,560	4,334,179	4,541,700	5,653,274	5,908,090	4,758,655	4,791,043	4,077,737	4,528,008
Federal Sources	417,965	470,992	483,082	486,137	608,545	572,036	526,706	863,542	805,067	805,247
Other Sources						58,801	31,416	38,271	27,592	55,930
<b>Total Revenue</b>	<b>32,021,165</b>	<b>35,499,535</b>	<b>38,101,549</b>	<b>41,453,028</b>	<b>43,271,963</b>	<b>44,848,292</b>	<b>43,702,902</b>	<b>45,133,334</b>	<b>44,103,104</b>	<b>44,414,050</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	7,685,017	8,342,822	8,790,792	9,026,755	9,146,988	8,855,230	20,569,316	20,322,556	21,132,714	20,918,894
Special Education Instruction	2,013,949	2,187,519	2,497,818	2,694,538	3,018,113	2,551,043	6,586,494	7,290,968	6,900,536	6,847,070
Other Instruction	247,222	249,900	284,595	308,241	315,399	813,771	1,204,084	1,336,259	1,234,543	1,306,184
School Sponsored/Other Instructional						154,297	198,268	226,270	155,345	148,918
<b>Support Services:</b>										
Tuition	6,663,388	7,272,412	8,116,982	9,914,458	10,961,121	10,390,326	-			
Student & Inst. Related Services	2,947,581	2,921,553	2,928,431	3,303,680	3,623,869	3,531,040	4,378,220	4,670,891	3,963,113	3,848,169
School Administration	889,993	1,021,767	1,203,297	1,231,592	1,241,789	1,286,234	1,914,318	1,902,654	1,803,285	1,503,622
General Administrative Services	957,459	988,396	1,174,431	1,049,974	1,163,812	572,168	618,759	681,724	715,295	777,656
Plant Operations and Maintenance	2,006,494	1,890,282	2,028,552	1,890,414	2,037,292	2,419,517	2,629,268	2,317,183	2,157,906	1,833,852
Pupil Transportation	1,883,311	1,965,279	2,076,769	2,044,263	1,970,653	2,251,875	2,647,398	2,558,422	2,195,177	2,496,557
Central Services and Administrative										
Information Technology	4,949,706	5,704,304	6,279,049	6,782,976	7,695,019	788,936	913,260	890,055	737,065	799,251
Employee Benefits	27,607					8,081,781	-			
Special Schools	8,038,997	711,950	2,922,378	822,714	726,308	1,229,882	1,829,044	337,017	840,607	270,776
Capital Outlay										
Debt Service:										
Principal	270,000	350,000	380,000	420,000	625,000	705,000	1,017,086	1,080,715	1,154,462	1,149,951
Interest and Other Charges	1,909,294	1,516,978	1,498,653	1,478,586	1,244,581	1,475,496	1,462,450	1,430,359	1,232,132	1,216,789
Bond Issuance Costs										
Advance Refunding Escrow										
<b>Total Expenditures</b>	<b>40,490,018</b>	<b>35,123,162</b>	<b>40,181,747</b>	<b>40,968,171</b>	<b>43,769,944</b>	<b>45,106,596</b>	<b>45,967,965</b>	<b>45,045,073</b>	<b>44,568,276</b>	<b>43,117,689</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>(8,468,853)</b>	<b>376,373</b>	<b>(2,080,198)</b>	<b>484,857</b>	<b>(497,981)</b>	<b>(258,304)</b>	<b>(2,265,063)</b>	<b>88,261</b>	<b>(465,172)</b>	<b>1,296,361</b>

**BRANCHBURG BOARD OF EDUCATION  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**  
(Unaudited)

*(modified accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Other Financing Sources (Uses)</b>										
Write-Off of Prior Year Accounts Receivable	\$ 415,000	\$ (54,789)	\$ 991,352	\$ 136,674	\$ 380,000					
Capital Leases (non-Budget)		283,000		3,305,000						
Proceeds from Sale of Bonds			1,030,867	\$ 14,515	(6,188)					
N.J. Economic Development Authority Grants	3,916,160	413,624								
Proceeds from Sale of Bonds *									\$ 9,760,000	
Refunding Bonds Issued									(9,785,000)	
Payment to Escrow Agent									371,096	
Original Issuance Premium	32,689	54,789	959,650		100,600	\$ 54,562		22,128	768,061	\$ 272,025
Transfers In	(32,689)	(54,789)	(959,650)		(100,600)	(54,562)		(79,688)	(768,061)	(272,025)
Transfers Out	4,331,160	641,835	2,022,219	14,515	3,435,486			322,440	346,096	
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (4,137,693)</b>	<b>\$ 1,018,208</b>	<b>\$ (57,979)</b>	<b>\$ 499,372</b>	<b>\$ 2,937,505</b>	<b>\$ (258,304)</b>	<b>\$ (2,265,063)</b>	<b>\$ 410,701</b>	<b>\$ (119,076)</b>	<b>\$ 1,296,361</b>
<b>Net Change in Fund Balances</b>										
Debt Service as a Percentage of Noncapital Expenditures	6.72%	5.43%	5.04%	4.73%	4.34%	4.97%	5.62%	5.62%	5.46%	5.52%

\* Special Item

**BRANCHBURG BOARD OF EDUCATION  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
LAST TEN YEARS  
(Unaudited)**

<u>Fiscal Year Ended June 30,</u>	<u>Annual Totals</u>	<u>Interest</u>	<u>Insurance Proceeds</u>	<u>Rentals</u>	<u>Miscellaneous Refunds and Miscellaneous</u>	<u>Tuition</u>
2003	\$ 67,250	\$ 14,297			\$ 52,953	
2004	67,069	16,314	7,240	9,260	25,841	8,414
2005	80,451	65,354	100	659	5,629	8,709
2006	176,304	152,499			23,805	
2007	317,420	313,907			3,513	
2008	330,169	283,909			46,260	
2009	121,790	36,472			78,493	6,825
2010	190,899	16,829			51,121	122,949
2011	323,668	10,633			172,761	140,274
2012	395,605	5,495			209,060	181,050

(1) Exclusive of interest earned in Capital Projects Fund

Source: District Records

BRANCHBURG BOARD OF EDUCATION  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN YEARS  
 (Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Equalized Valuation	Total Direct School Tax Rate <sup>a</sup>
2005										\$ 2,011,270,853	N/A	\$ 1.442
2006	\$ 22,543,100	\$ 1,978,098,600	\$ 33,987,000		\$ 153,500,600	\$ 425,248,400	\$ 20,350,000	\$ 2,633,727,700	\$ 4,868,302	2,638,596,002	\$ 2,771,469,746	1.554
2007	22,007,800	2,235,924,900	36,955,900		189,564,900	485,917,200	20,350,000	2,990,720,700	4,716,178	2,995,436,878	3,077,506,380	1.218
2008	24,572,100	2,282,796,800	37,730,400		202,426,400	529,423,800	27,851,200	3,104,800,700	2,876,247	3,107,676,947	3,193,910,812	1.202
2009	26,221,300	2,217,444,300	31,989,250		225,302,800	570,870,400	27,851,200	3,099,679,250	5,239,013	3,104,918,263	3,193,570,214	1.227
2010	28,139,200	2,083,863,800	29,227,750	\$ 1,399,700	244,381,650	574,730,300	28,264,200	2,990,006,600	5,691,021	2,995,697,621	3,223,361,294	1.292
2011	12,200,800	2,036,634,500	29,660,250	1,447,500	237,515,100	533,643,300	25,500,000	2,896,601,450	6,693,660	2,903,295,110	3,247,091,973	1.346
2012	11,612,800	2,013,888,700	29,501,500	1,463,200	222,270,700	516,393,900	23,460,000	2,818,590,800	5,327,753	2,823,918,553	3,003,216,474	1.372
	10,114,500	1,988,890,400	29,705,100	1,422,300	222,675,600	506,046,700	21,245,000	2,780,099,600	5,555,411	2,785,655,011	2,932,080,663	1.383

Source: County Abstract of Ratables

<sup>a</sup> Tax rates are per \$100

**BRANCHBURG BOARD OF EDUCATION  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
PER \$100 OF ASSESSED VALUATION  
LAST TEN YEARS  
(Unaudited)**

<u>Calendar Year</u>	<u>School District Direct Rate</u>			<u>Overlapping Rates</u>		<u>Total Direct and Overlapping Tax Rate</u>
	<u>Basic Rate</u>	<u>General Obligation Debt Service</u>	<u>Total Direct School Tax Rate</u>	<u>Municipality</u>	<u>County</u>	
2012	\$ 1.383	-	\$ 1.383	\$ 0.405	\$ 0.342	\$ 2.130
2011	1.372	-	1.372	0.392	0.336	2.100
2010	1.274	\$ 0.072	1.346	0.329	0.372	2.047
2009	1.219	0.073	1.292	0.306	0.358	1.956
2008	1.161	0.066	1.227	0.285	0.353	1.865
2007	1.139	0.062	1.201	0.265	0.344	1.810
2006	1.154	0.064	1.218	0.259	0.343	1.820
2005	1.241	0.075	1.316	0.264	0.360	1.940
2004	1.460	0.094	1.554	0.271	0.435	2.260
2003	1.342	0.100	1.442	0.256	0.422	2.120

Note (1) - The Township underwent a revaluation of real property, effective January 1, 2006.

Source: Abstract of Ratables, County Board of Taxation.



**BRANCBURG BOARD OF EDUCATION  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 43,284,812	\$ 42,908,906	99.13%	\$ 351,594	\$ 43,260,500	99.94%
2004	47,170,528	46,774,718	99.16%	363,181	47,137,899	99.93%
2005	51,997,126	51,253,686	98.57%	364,239	51,617,925	99.27%
2006	55,209,132	54,599,634	98.89%	583,353	55,182,987	99.95%
2007	56,646,582	56,019,209	98.89%	598,920	56,618,129	99.94%
2008	37,979,196	37,979,196	100.00%			
2009	38,232,571	38,232,571	100.00%			
2010	39,249,579	39,249,579	100.00%			
2011	38,869,040	38,869,040	100.00%			
2012	38,629,260	38,629,260	100.00%			

N/A - Not Applicable

Source: District records

EXHIBIT J-10

BRANCHBURG BOARD OF EDUCATION  
 RATIOS OF OUTSTANDING DEBT BY TYPE  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District
	General Obligation Bonds	Capital Leases/Purchases	Bond Anticipation Notes (BANs)	Capital Leases		
2003	\$ 30,018,000	\$ 576,182			\$ 30,594,182	
2004	30,668,000	599,278			31,267,278	
2005	30,288,000	1,325,030			31,613,030	
2006	30,830,000	946,955			31,776,955	
2007	33,510,000	798,708			34,308,708	
2008	32,805,000	632,398			33,437,398	
2009	32,055,000	365,312			32,420,312	
2010	31,250,000	469,597			31,719,597	
2011	30,200,000	340,135			30,540,135	
2012	29,155,000	235,184			29,390,184	

Source: District records

**BRANCHBURG BOARD OF EDUCATION  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable	
	General Obligation Bonds	Deductions		Value <sup>a</sup> of Property	Total per Capita <sup>b</sup>
2003	\$ 31,018,000		\$ 31,018,000	1.54%	\$ 2,106
2004	30,668,000		30,668,000	1.48%	2,076
2005	30,288,000		30,288,000	1.15%	2,046
2006	30,830,000		30,830,000	1.03%	2,076
2007	33,150,000		33,150,000	1.08%	2,234
2008	32,805,000		32,805,000	1.06%	2,178
2009	32,055,000		32,055,000	1.07%	2,127
2010	31,250,000		31,250,000	1.08%	2,157
2011	30,200,000		30,200,000	1.07%	2,079
2012	29,155,000		29,155,000	1.05%	2,007

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**BRANCBURG BOARD OF EDUCATION**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**DECEMBER 31, 2011**  
**(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Net Direct Debt of School District as of December 31, 2011	\$ 29,930,000	\$ 29,930,000	-
	<u>\$ 29,930,000</u>	<u>\$ 29,930,000</u>	-
Net Overlapping Debt Apportioned to the Municipality:			
Branchburg Township (1)			\$ 11,487,071
Regional Sewer Utility Authority			3,751,318
County of Somerset			<u>8,860,396</u>
Total Direct and Overlapping Debt			<u>\$ 24,098,785</u>

Source:

(1) Township 2011 Annual Debt Statement

BRANCHBURG BOARD OF EDUCATION  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Legal Debt Margin Calculation for Fiscal Year 2012

Equalized Valuation Basis	2011	\$ 3,058,566,753
	2010	3,153,621,611
	2009	3,225,361,294
		<u>\$ 9,437,349,658</u>
Average Equalized Valuation of Taxable Property		<u>\$ 3,145,783,219</u>
Debt Limit (3 % of average equalization value)		94,373,497
Total Net Debt Applicable to Limit		<u>\$ 94,373,497</u>
Legal Debt Margin		

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 54,079,956	\$ 61,244,727	\$ 67,351,284	\$ 73,036,292	\$ 82,235,445	\$ 90,428,869	\$ 94,649,874	\$ 96,128,423	\$ 95,725,331	\$ 94,373,497
Total net debt applicable to limit	31,018,000	30,668,000	30,288,000	30,830,000	33,510,000	32,805,000	32,055,000	31,250,000	30,200,000	29,155,000
Legal debt margin	<u>\$ 23,061,956</u>	<u>\$ 30,576,727</u>	<u>\$ 37,063,284</u>	<u>\$ 42,206,292</u>	<u>\$ 48,725,445</u>	<u>\$ 57,623,869</u>	<u>\$ 62,594,874</u>	<u>\$ 64,878,423</u>	<u>\$ 65,525,331</u>	<u>\$ 65,218,497</u>
Total net debt applicable to the limit as a percentage of debt limit	57.36%	50.07%	44.97%	42.21%	40.75%	36.28%	33.87%	32.51%	31.55%	30.89%

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

**BRANCBURG BOARD OF EDUCATION  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>Year</u>	<u>Population (a)</u>	<u>Per Capita Personal Income<sup>c</sup></u>	<u>Unemployment Rate</u>
2003	14,713	\$ 57,047	4.90%
2004	14,741	60,269	4.20%
2005	14,735	62,710	2.30%
2006	14,782	68,040	2.40%
2007	14,832	72,015	2.20%
2008	14,923	74,196	2.90%
2009	15,069	68,753	5.20%
2010	14,487	69,886	5.20%
2011	14,525	N/A	5.10%
2012	14,525 Est.	N/A	N/A

## Sources:

(a) Branchburg Township population and unemployment rate provided by the New Jersey Department of Education

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

BRANCHBURG BOARD OF EDUCATION  
 PRINCIPAL EMPLOYERS  
 CURRENT YEAR AND NINE YEARS AGO  
 (Unaudited)

Employer	2012			2003		
	Employees*	Rank (Optional)	Percentage of Total Municipal Employment	Employees*	Rank (Optional)	Percentage of Total Municipal Employment

NOT AVAILABLE

NOT AVAILABLE

**BRANCBURG BOARD OF EDUCATION**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST SIX FISCAL YEARS**  
**(Unaudited)**

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Instruction</b>						
Regular	137	133	116	126	111.00	108.00
Special Education	42	41	67	68	38.50	35.72
Other Instruction			12	12	11.00	13.00
School Sponsored/Other Instructional						
<b>Support Services:</b>						
Tuition						
Student & instruction Related Services	41	44	40	43	56.75	57.35
School Administrative Services	43	44	17	16	14.25	13.25
General and Business Administrative Services	9	11	2	2	2.00	2.00
Central Services and Administrative Information Technology			9	9	5.80	6.20
Plant Operations and Maintenance	24	28	24	20	7.00	6.00
Pupil Transportation	24	30	25	28	25.00	25.00
<b>Special Schools</b>						
Food Service						
Child Care						
<b>Total</b>	<u>320</u>	<u>331</u>	<u>312</u>	<u>324</u>	<u>271.30</u>	<u>266.52</u>

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only six years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

BRANCHBURG BOARD OF EDUCATION  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)

Fiscal Year	Teacher/Pupil Ratio										Student Attendance Percentage	
	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA)		% Change in Average Daily Enrollment
2003	1,910.0	\$ 23,608,339	\$ 12,360	9.14%	158.0	1:12.2	1:10.7	N/A	1,881.3	1,818.6	-1.25%	96.67%
2004	1,948.0	25,271,823	12,973	4.96%	170.0	1:12.0	1:11.3	N/A	1,944.0	1,888.9	3.33%	97.17%
2005	1,998.0	27,263,735	13,646	5.18%	181.0	1:10.2	1:10.5	N/A	1,998.7	1,947.3	2.81%	97.43%
2006	1,959.0	28,332,511	14,463	5.99%	181.0	1:10.0	1:11.3	N/A	1,965.7	1,899.0	-1.65%	96.61%
2007	1,950.0	27,922,895	14,319	-0.99%	179.0	1:12.7	1:12.9	N/A	1,951.9	1,925.2	-0.70%	98.63%
2008	1,897.0	33,349,637	17,580	22.77%	184.0	1:11.0	1:11.9	N/A	1,904.7	1,838.3	-2.42%	96.51%
2009	1,829.0	32,490,161	17,764	1.04%	195.0	1:9.0	1:10.3	N/A	1,832.0	1,768.0	-3.82%	96.51%
2010	1,825.0	34,551,120	18,932	6.58%	194.0	1:9.0	1:10.3	N/A	1,825.0	1,757.0	-0.38%	96.27%
2011	1,792.0	30,866,251	17,224	-9.02%	160.0	1:12.2	1:11.3	N/A	1,792.0	1,724.0	-1.81%	96.21%
2012	1,737.0	30,664,053	17,653	2.49%	151.0	1:10.1	1:10.6	N/A	1,737.0	1,673.0	-3.07%	96.32%

Sources: District records

N/A: Not applicable, Branchburg High School students attend another School District (Somerville) on a tuition basis.

Note:

- a Operating expenditures equal total expenditures less debt service and capital outlay and amount paid to Somerville for High School Tuition
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**BRANCHBURG BOARD OF EDUCATION  
SCHOOL BUILDING INFORMATION  
LAST SIX FISCAL YEARS  
(Unaudited)**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b><u>District Building</u></b>						
<b><u>Elementary</u></b>						
Old York School (1949)						
Square Feet	41,137	41,137	41,137	41,137	41,137	*
Capacity (Students)	311	378	378	378	378	*
Enrollment	334	323	335	337	328	*
Stony Brook School (1959)						
Square Feet	47,368	47,368	47,368	47,368	47,368	47,368
Capacity (Students)	398	398	398	398	398	398
Enrollment <sup>a</sup>	329	336	295	288	265	392
Whiton Elementary School (1995)						
Square Feet	90,321	90,321	90,321	90,321	90,321	90,321
Capacity (Students)	792	792	792	792	792	792
Enrollment	604	562	552	545	555	732
<b><u>Middle School</u></b>						
Central Middle School (1968)						
Square Feet	141,310	141,310	141,310	141,310	141,310	141,310
Capacity (Students)	547	733	733	733	733	733
Enrollment	682	668	647	655	644	612

Number of Schools at June 30, 2012

    Elementary = 2

    Middle School = 1

\* - School closed June 30, 2011.

Source: District Records

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

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only six years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

BRANCHBURG BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITIES  
LAST NINE YEARS  
(Unaudited)

School Facilities	Project #'s	2004	2005	2006	2007	2008	2009	2010	2011	2012
Central Middle School		\$ 88,381	\$ 118,417	\$ 92,168	\$ 145,786	\$ 123,458	\$ 100,248	\$ 158,428	\$ 139,546	\$ 162,321
Old York School		34,162	51,726	56,838	109,137	106,363	184,807	56,938	46,152	11,135
Stony Brook School		52,447	66,405	60,467	112,165	62,472	44,613	60,615	50,429	78,898
Whiton Elementary		53,920	71,898	83,991	76,928	133,710	80,775	108,902	105,106	118,332
<b>Grand Total</b>		<b>\$ 228,910</b>	<b>\$ 308,446</b>	<b>\$ 293,464</b>	<b>\$ 444,016</b>	<b>\$ 426,003</b>	<b>\$ 410,443</b>	<b>\$ 384,883</b>	<b>\$ 341,233</b>	<b>\$ 370,686</b>

Source: District Records

Note:  
Beginning in fiscal year 2001, the New Jersey State Department of Education required Districts to report maintenance expenditures by location, therefore, ten years of data is not required or available.

**BRANCHBURG BOARD OF EDUCATION  
INSURANCE SCHEDULE  
JUNE 30, 2012  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
<b>School Package Policy - NJ School Board Association Insurance Group</b>		
Property - Blanket Building & Contents	\$ 63,843,535	\$ 5,000
Comprehensive General Liability		
Aggregate Limit	No Aggregate Limit	N/A
Occurrence Limit	6,000,000	N/A
Comprehensive Automobile Liability	6,000,000	1,000/1,000
Employee Benefit Liability	6,000,000	1,000
Demolition Cost	10,000,000	N/A
Increased Cost of Construction	10,000,000	N/A
Extra Expense - Blanket	50,000,000	N/A
<b>Computers &amp; Scheduled Equip - NJ School Board Association Insurance Group</b>		
Data Processing Equipment	1,339,000	5,000
Other	Included	
<b>Boiler &amp; Machinery - NJ School Board Association Insurance Group</b>		
Property Damage	100,000,000	5,000
<b>School Board Legal Liability</b>		
NJ School Board		
Directors & Officers	6,000,000	5,000
<b>Public Employees' Faithful Performance Blanket</b>		
Position Bond - Selective Insurance Co.		
Treasurer	250,000	5,000
Business Administrator/Board Secretary	350,000	N/A
Blanket	10,000	N/A
Volunteer Accident Policy - CIGNA Insurance Co.	100,000	N/A
	10,000	25
Student Accident - AIG	1,000,000	N/A
Workers Compensation	Statutory	N/A
Employer's Liability	2,000,000	N/A
School Boards Violent Acts - each accident	250,000	25,000
School Boards Violent Acts - aggregate	1,000,000	

Source: District Records

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

**SINGLE AUDIT SECTION**

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208  
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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable President and Members  
of the Board of Trustees  
Branchburg Board of Education  
Branchburg, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Branchburg Board of Education as of and for the fiscal year ended June 30, 2012, which collectively comprise the Branchburg Board of Education's basic financial statements and have issued our report thereon dated November 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

### **Internal Control Over Financial Reporting**

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

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

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

### Compliance and Other Matters

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

We noted certain matters that we have reported to management of the Branchburg Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 19, 2012.

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

*Lerch, Vinci & Higgins, LLP*

LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants

*DL*

Donna L. Japhet  
Public School Accountant  
PSA Number CS002314

Fair Lawn, New Jersey  
November 19, 2012

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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## REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

### Independent Auditor's Report

Honorable President and Members  
of the Board of Trustees  
Branchburg Board of Education  
Branchburg, New Jersey

#### Compliance

We have audited the Branchburg Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Branchburg Board of Education's major federal and state programs for the fiscal year ended June 30, 2012. Branchburg Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Branchburg Board of Education's management. Our responsibility is to express an opinion on Branchburg Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Branchburg Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Branchburg Board of Education's compliance with those requirements.

In our opinion, Branchburg Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012.

### Internal Control Over Compliance

Management of Branchburg Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Branchburg Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected on a timely basis.

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

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



LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants



Denna L. Japhet  
Public School Accountant  
PSA Number CS002314

Fair Lawn, New Jersey  
November 19, 2012

BRANCHBURG BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	(Account Receivable) June 30, 2011	Deferred Revenue June 30, 2011	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments-Carryover Receivables	(Account Receivable) June 30, 2012	Deferred Revenue June 30, 2012	Due to Grantor at June 30, 2012	MEMO GAAP Receivable
U.S. Department of Education Passed-Through State Department of Education General Fund Education Jobs Fund	84.410		7/1/11-6/30/12	\$ 97,590	-	-	-	\$ 26,432	\$ 97,590	-	\$ (71,158)	-	-	\$ (71,158)
								26,432	97,590	-	(71,158)	-	-	(71,158)
U.S. Department of Education Passed-through State Department of Education														
Title IIIA	84.367		9/1/10-8/31/11	44,224	(12,464)	9,346	(9,305)	3,118	41	8,346	(48,658)	6,667		(41,991)
Title IIIA	84.367		9/1/11-8/31/12	39,312	(59)	9,305	9,305	59	41,950	(9,346)				
Title III	84.318A		9/1/10-8/31/11	12,079	(2,423)	273	(73)	2,150	273	273	(273)			(273)
Title III	84.365A		9/1/10-8/31/12	12,079	-	273	273	-	273	(273)				
Special Education Cluster														
I.D.E.A., Part B, Basic	84.007A		9/1/08-8/31/09	514,490	(375,745)	3,546	(80,885)	294,860	97,915	(3,546)	(246,112)	771,189		(168,923)
I.D.E.A., Part B, Basic	84.007A		9/1/10-8/31/11	507,972	(178,800)	178,800	80,885	347,815	520,284	(77,539)				
I.D.E.A., Part B, Basic	84.007A		9/1/11-8/31/12	516,588	(76,629)	293	-	76,629	293					
ARRA - I.D.E.A., Part B, Basic	84.391A		9/1/09-8/31/11	558,889	(1,148)	293	-	1,148	293					
I.D.E.A., Part B, Preschool	84.175A		9/1/09-8/31/10	21,885	(34,211)	22,628	(22,628)	11,583	45,210	-	(22,628)	-		(22,628)
I.D.E.A., Part B, Preschool	84.175A		9/1/10-8/31/11	22,628	-	-	22,628	22,590	-	-				
I.D.E.A., Part B, Preschool	84.175A		9/1/11-8/31/12	22,882	-	-	22,628	-	-	-				
								759,952	705,966	-	(317,663)	83,856		(233,807)
U.S. Department of Agriculture Passed-through State Department of Education Enterprise Fund:														
Food Distribution Program	10.555	N/A	7/1/11-6/30/12	43,495		3,477		43,495	42,713		(3,280)	4,259		(3,280)
National School Lunch Program	10.555	N/A	7/1/11-6/30/12	53,857				50,577	53,857					
National School Lunch Program	10.555	N/A	7/1/10-6/30/11	59,497	(4,663)			4,663						
Special Milk Program	10.556	N/A	7/1/11-6/30/12	4,809				4,466	4,809		(343)			(343)
Special Milk Program	10.556	N/A	7/1/10-6/30/11	4,327	(353)			353						
								103,554	101,379		(3,622)	4,259		(3,622)
Total Enterprise Fund					(5,016)	3,477								
Total Federal Awards				\$ (507,695)	\$ 218,363	\$ -	\$ -	\$ 889,938	\$ 904,935	\$ -	\$ (392,444)	\$ 88,115	\$ -	\$ (308,388)

BRANCHBURG BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State, Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, Jun 1, 2011	Carryover Amount	Cash Received	Budgetary Expenditures	Refund of Prior Years Balances	Adjustments/Cancelled	(Accounts Receivable) June 30, 2012	Deferred Revenues June 30, 2012	Due to Gov June 30, 2012	GAAP Acct. Receivable	Memorandum Total Cumulative Expenditures
State Department of Education														
General Fund:														
Special Education Categorical Aid	12-495-034-5120-089	7/1/11-6/30/12	\$ 1,241,961			\$ 1,132,071	\$ 1,241,961			\$ (109,890)				\$ 1,241,961
Security Aid	12-495-034-5120-084	7/1/11-6/30/12	195,124			177,859	195,124			(17,265)				195,124
Transportation Aid	12-100-034-5120-014	7/1/11-6/30/12	169,333			134,368	169,333			(4,965)				169,333
Extraordinary Aid	12-100-034-5120-073	7/1/11-6/30/12	463,041				463,041			(463,041)				463,041
Non-Public Transportation Aid	12-495-034-5120-014	7/1/11-6/30/12	14,442				14,442			(14,442)				14,442
Special Education Categorical Aid	11-495-034-5120-089	7/1/10-6/30/11	\$ (70,555)			70,555								
Extraordinary Aid	11-495-034-5120-089	7/1/10-6/30/11	581,251											
Non-Public Transportation Aid	11-495-034-5120-014	7/1/10-6/30/11	12,702			12,702								
On-Behalf TPAF Pension System Contributions NCGI	12-495-034-5120-012	7/1/10-6/30/12	43,337			43,337	43,337							43,337
On-Behalf TPAF Pension System Contributions Normal Costs	12-495-034-5095-007	7/1/10-6/30/12	403,832			403,832	403,832							403,832
On-Behalf TPAF Pension System Contributions (Post Retirement)	12-495-034-5095-001	7/1/10-6/30/12	898,925			898,925	898,925							898,925
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	7/1/10-6/30/12	940,939			940,939	940,939							940,939
<b>Total General Fund</b>				(664,508)		4,415,839	4,370,954			(619,623)			(14,442)	4,370,954
Special Revenue Funds:														
N.J. Nonpublic Aid:														
Textbook Aid	12-100-034-5120-064	7/1/11-6/30/12	2,248			2,248	2,248					308		2,248
Textbook Aid	11-100-034-5120-064	7/1/10-6/30/11	5,059			1,343		1,035						
Franchised Services:														
Examination & Classification	09-100-034-5120-066	7/1/08-6/30/09	3,979			4,623		4,623						
Examination & Classification	12-100-034-5120-066	7/1/11-6/30/12	1,126			1,126						1,126		
Corrective Speech	11-100-034-5120-066	7/1/10-6/30/11	42,248			37,179		37,179						
Corrective Speech	12-100-034-5120-066	7/1/11-6/30/12	8,688			8,688	5,126					3,562		5,126
Supplementary Instruction	11-100-034-5120-070	7/1/10-6/30/11	702			702		788				702		
Nursing	11-100-034-5120-070	7/1/10-6/30/11	5,996			788		788						
Nursing	12-100-034-5120-070	7/1/11-6/30/12	3,212			3,212	3,108					104		3,108
<b>Total Special Revenue Fund</b>				41,802		18,107	10,482	43,625				5,802		10,482
Capital Projects Fund														
Capital Projects Fund	SP200332		3,326,880	(10)						(10)				(10)
N.J. School Development Authority Grant	0510-020-04-003XV		566	(566)						(566)				(566)
N.J. School Development Authority Grant	0510-020-04-0AEC		1,875	(1,875)						(1,875)				(1,875)
N.J. School Development Authority Grant	0510-020-04-0AED		4,298	(4,298)						(4,298)				(4,298)
N.J. School Development Authority Grant	0510-020-04-003X		1,758	(1,758)						(1,758)				(1,758)
N.J. School Development Authority Grant	0510-020-04-003U		8,020	(8,020)						(8,020)				(8,020)
N.J. School Development Authority Grant	0510-090-03-1499		3,240	(3,240)						(3,240)				(3,240)
N.J. School Development Authority Grant	0510-060-10-G0AZ		426,775	(426,775)										
N.J. School Development Authority Grant	0510-060-09-02XW		1,633	(1,633)						(1,633)				(1,633)
N.J. School Development Authority Grant	0510-090-09-02XX		3,256	(3,256)						(3,256)				(3,256)
N.J. School Development Authority Grant	0510-020-09-02XU		9,863	(9,863)						(9,863)				(9,863)
<b>Total Capital Projects Fund</b>				(459,292)		318,944			107,831				(32,317)	
Debt Service Fund:														
Debt Service State Support	12-495-034-5120-017	7/1/11-6/30/12	99,947			99,947	99,947							99,947
<b>Total Debt Service Fund</b>						99,947	99,947							99,947
State Department of Agriculture														
Enterprise Fund:														
National School Lunch Program	12-100-010-3350-023	7/1/10-6/30/12	5,302			4,981	5,302			(321)				5,302
National School Lunch Program	11-100-010-3350-023	7/1/10-6/30/11	6,251			873	342							342
<b>Total Enterprise Fund</b>						5,854	5,644			(321)				5,644
<b>Total State Financial Assistance</b>				(1,082,529)		4,858,691	4,487,027	43,625	107,831	(652,461)		5,802	(46,959)	4,487,027
<b>Less: Amounts Not Subject to Single Audit and Major Program Determination</b>														
On-Behalf TPAF Pension System Contributions NCGI	12-495-034-5095-006	7/1/10-6/30/12	43,337			(43,337)	(43,337)							
On-Behalf TPAF Pension System Contributions Normal Costs	12-495-034-5095-007	7/1/10-6/30/12	403,832			(403,832)	(403,832)							
On-Behalf TPAF Pension System Contributions (Post Retirement)	12-495-034-5095-001	7/1/10-6/30/12	898,925			(898,925)	(898,925)							
<b>Total Less</b>						\$ 3,512,597	\$ 3,140,933	\$ 43,625	\$ 107,831	\$ (652,461)		\$ 5,802	\$ (46,959)	\$ 4,487,027

**BRANCBURG BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's basic financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase \$46,625 for the general fund and an increase \$2,611 for the special revenue fund. See the Notes to Required Supplementary Information 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 as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 97,590	\$ 4,417,579	\$ 4,515,169
Special Revenue Fund	707,657	10,482	718,139
Debt Service Fund		99,947	99,947
Food Service Fund	<u>101,379</u>	<u>5,644</u>	<u>107,023</u>
Total Financial Assistance	<u>\$ 906,626</u>	<u>\$ 4,533,652</u>	<u>\$ 5,440,278</u>

**BRANCHBURG BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

**NOTE 5 OTHER INFORMATION**

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$940,939 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2012. The amount reported as TPAF Pension System Contributions in the amount of \$447,169 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$898,925 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2012.

**NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's basic financial statements and the amount subject to State single audit and major program determination.





**BRANCBURG BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

*Part 2 – Schedule of Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

There are none.

**BRANCBURG BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

*Part 3 – Schedule of Federal and State Award Findings and Questioned Costs*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04, as amended.

**CURRENT YEAR FEDERAL AWARDS**

There are none.

**BRANCHBURG BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

*Part 3 - Schedule of Federal and State Award Findings and Questioned Costs, Continued*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04, as amended.

**CURRENT YEAR STATE AWARDS**

THERE ARE NONE.

**BRANCHBURG BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

This section identifies the status of prior-year findings related to the basic statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b) and New Jersey OMB's Circular 04-04, as amended.

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2011-1**

Our audit of the Application for State Aid (ASSA) enrollment as of October 15, 2010 revealed several discrepancies with regards to the information reported compared with the District workpapers. These discrepancies appear to be the result of some difficulties with the implementation of new student attendance software during 2010/2011.

**Current Status**

Corrective action has been taken.