

# **Comprehensive Annual Financial Report**

**of the**

**TOWNSHIP OF BEDMINSTER  
SCHOOL DISTRICT  
Bedminster, New Jersey**

**For the Fiscal Year Ended June 30, 2008**

**Prepared by  
Township of Bedminster School District  
Board of Education  
Business Office**

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## INTRODUCTORY SECTION

**BEDMINSTER TOWNSHIP  
BOARD OF EDUCATION**

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Dr. Andrew Rinko  
Superintendent

Debe Besold  
School Business Administrator/  
Board Secretary

November 13, 2008

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

Dear Board Members:

The comprehensive annual financial report of the Bedminster Township School District ("District") for the fiscal year ending June 30, 2008 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 aspects 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 (4) sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133. "Audits of States and Local Governments, and Non-Profit Organizations", and the New Jersey's Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

## REPORTING ENTITY AND ITS SERVICES

### 1. Description of the District

The Bedminster Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB 14. All funds and account groups of the District are included in this report. The Bedminster Township Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, as well as special education for handicapped youngsters. The District completed the 2007-2008 fiscal year with an enrollment of 593 students, an increase of 8 students from the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten (10) years:

#### Average Daily Enrollment and Attendance Rate

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>	<u>Attendance Rate</u>
2007-2008	571.7	0.47%	96.4%
2006-2007	569.0	(2.91%)	95.7%
2005-2006	585.0	5.64%	96.3%
2004-2005	618.0	4.57%	95.1%
2003-2004	591.0	4.23%	96.0
2002-2003	567.3	(4.51%)	97.1
2001-2002	594.1	(0.39%)	93.4
2000-2001	596.4	(2.98%)	92.9
1999-2000	614.7	8.30	95.1
1998-1999	567.6	(0.42%)	97.6

### 2. Economic Condition and Outlook

The Township of Bedminster, with approximately 8,498 residents and 26.7 square miles, is one of Somerset County's oldest municipalities, chartered in 1749. Bedminster is steeped in colonial and Revolutionary War history. The Township was founded as an agricultural center and during the 19<sup>th</sup> century, the beauty of the area attracted many wealthy families who built expensive estates. It remained a quiet rural area until the 1970's when I-78 was opened along its southern edge, and I-287 crossed at the eastern border. The Township is comprised of several villages: Bedminster Village, Burnt Mills, Lamington, Portersville, Pluckemin and Union Grove.

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

Somerset County, located in the heart of the nation's largest metropolitan area, is comprised of twenty-one (21) municipalities, encompasses 305 square miles, offering a diversity of landscape and a balance between urban, suburban and rural neighborhoods. Major goals of the County government include environmental protection, conservation of resources, proper planning for future growth and development of shared services.

During the 2003-2004 school year, the Somerset Hills School District passed a referendum to expand and improve the Somerset Hills Regional School District's facilities. A substantial portion of those funds was used to renovate and expand Bernards High School. As a result, beginning with the 2004-2005 school year, a portion of the interest expenses associated with those funds were borne by the Bedminster Township School District and will continue over the next twenty-five (25) years.

### BUDGET DEVELOPMENT

Districts were directed by the NJ Department of Education to develop their 2007-2008 budgets pursuant to pending tax levy cap legislation A-1, which established a four percent (4%) cap on increases in district tax levies. State mandated restriction on fund balance of no more than two percent (2%) remained in effect and has had a substantial impact on the district when unanticipated expenditures occur.

### MAJOR INITIATIVES

#### 1. Monitoring

The school district was monitored by the State Department of Education in November 2005 and received a seven (7) year certification as an outcome of that monitoring process. The district achieved one hundred percent (100%) compliance in all indicators. The district will undergo NJQSAC during the 2009-2010 school year. NJQSAC (New Jersey Quality Single Accountability Continuum) is the Department of Education's new monitoring and evaluation system, replacing the old monitoring system. Its primary purpose is to measure and improve school district performance in meeting State standards. It is also designed to ensure all districts operate at a high level of performance.

#### 2. Building

The Bedminster Township Public School District is dedicated to the education of students by instilling a passion for learning and exploration in a creative, nurturing environment. In September 1993, the community celebrated the opening of a state of the art facility to accommodate rapid growth and increased enrollment. By 1998-99, the district completed the second phase of its building program, with a \$5.2 million dollar project, providing the additional second phase of its building program, providing additional space for approximately 220-240 students with the expansion of the core facilities to provide a new multi-purpose room, a new science lab and a new media technology suite.



The completion of the third floor addition in 1999, has allowed the district to enhance and expand its programs and to maintain its preferred class size of 16-20. The Media/Technology Suite has provided an opportunity to add grade levels served and program strands in the areas of Visual Arts and Technology. The science lab has provided the opportunity to offer lab experiences to students in grades 5 and 6 and to offer lab experiences coupled with computer simulation and modeling for students in grades 7 and 8.

During the fiscal year 2007-2008, all major systems and equipment were inspected and serviced. Comprehensive Maintenance Plan (CMP) activities were completed in accordance with and as scheduled in the CMP. Beginning in the 1999-2000 school year, and every five (5) years thereafter, each district shall prepare and submit to the Commissioner of Education a long-range facilities plan that details the district's school facilities needs and the district's plan to address those needs for the ensuing five (5) years. This plan includes an educational adequacy inventory of the existing school facility, the identification of all deficiencies in the facility and the district's proposed plan for future construction and renovations. During the first cycle, the district's long-range facilities plan was approved by the State Department of Education on July 5, 2001. The district submitted its second plan during the 2005-2006 school year. The Plan was approved by the Department of Education on June 13, 2008.

### 3. Student Achievement

Our community holds extremely high expectations for active learning and achievement. The Bedminster student body reflects the aspiration level of our parents, most of who hold high-level management positions. To this end, the Board supports a curriculum that is comprehensive and challenging. Students enjoy opportunities in all "traditional" offerings such as language arts and literature, mathematics, algebra, geometry, inquiry based science, and social studies. Our curricula are aligned with the NJ Core Curriculum Content Standards.

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

Moreover, our eighth grade students avail themselves to forty (40) hours as volunteers to satisfy a community service requirement. Others, so inclined, may participate in extra and co-curricular activities or a full range of competitive athletics.

As the school district continues to move forward we have identified a number of important priorities to bring us to the leading edge of contemporary pedagogy. There has been a major movement to improve the primary reading and writing program, using a Balanced Approach to Literacy in grades K, 1 and 2, as well as the introduction of the Sitton Spelling Program and implementation of the Foundations program.

The district has made major strides in our special education program by extending our inclusive education model across the span of grades. In addition, we have implemented an ABA autistic program, as well as an extended day Pre-K program to meet students' needs in-district and minimize out-of-district placements.

In 2006, the district applied for and was awarded the *Governor's Initiative on Autism Discretionary Grant* in the amount of \$300,000. The new model program has provided services for students on the autism spectrum disorder, as well as students with severe language, fine motor, and gross motor, pre-academic, cognitive, behavioral and social delays. This grant has enabled the district to expand the program to be fully integrated within our school community and to take part in an enriched curriculum such as special area classes.

The district has continued its integration of school-wide technology with full implementation of a wireless system for all staff, participates in a number of high quality video services, the installation of 12 Active Boards, and has an ongoing emphasis on professional development related to instructional infusion, effective communications, and web based applications intended to improve effectiveness and efficiency. In addition, we are constantly seeking recognition and support for innovative programs. These priorities have been embraced in our annual school improvement goals and are reflected in ongoing professional staff development. We are extremely proud of our web-site, [www.bedminsterschool.org](http://www.bedminsterschool.org), which was developed with Schoolwires to provide flexibility in use and opportunities to interact with the community.

The school district has met and surpassed all State requirements for student achievement of state proficiency levels in grades 3, 4 and 8. In fact, the district has met all AYP standards.

The district's before and after school Academic Support Initiative and the Tutor Mentor Program for at-risk students were continued with combined support from our Board of Education, the Municipal Alliance and No Child Left Behind (NCLB) funding.

The district has revised all its curricula in the past five (5) years, and continues to update curricula in accordance with the latest New Jersey Core Curriculum Content Standards (NJCCCS). Last year, the district revised its Social Studies, Science Curriculum and Health/Physical Education Curriculum, and will update its World Language, Visual and Performing Arts Curriculum, and Language Arts Curriculum during the 2008-2009 school year.

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

#### 4. Staff Development

Our faculty members are committed to the constant improvement of their instructional skills and the acquisition of new strategies that are supported by an intensive plan of professional development. Teachers benefit from opportunities for graduate study at colleges and universities, professional development seminars, and in-district workshops to support their needs and desire to grow professionally. The administration fosters an environment of self-reflection and collaboration by scheduling common planning time for teachers.

Throughout the 2007-2008 school year, every one of our teachers participated in at least twenty (20) hours professional development via in-district workshops, out of district workshops, academic coursework, staff meetings that incorporated professional development and workshop facilitation by turn-key trainers. We are also extremely proud of the fact that our goal planning by the Board, administration, and Local Professional Development Committee served as the guide for critical areas of staff training.

#### **District Focus Areas**

- Grade K-2 teachers continued their work during the year to gain a better understanding of the balanced literacy approach to reading and language arts, including meetings and workshops to investigate use of the DRA, the implementation of exemplars and portfolios, writing strategies and Foundations.
- The district hired Dr. George Robinson, a Gifted and Talented consultant, recommended by Dr. Joseph Renzulli, providing staff training in the use of the Renzulli Learning System and the SAGES testing;
- All staff participated in the annual Affirmative Action and Bullying and Harassment Workshop.
- Our Library Media Specialist continued work towards her National Board Certification. Upon completion, we will have two (2) teachers Board Certified.
- A team of teachers attended TECHSPO; one staff member attended the National Technology Conference in San Antonio as a participant and a presenter; a myriad of staff participated in technology workshops to implement NJ SMART, the new student management system SIRS, the new personnel and account management system CDK; and a number of staff members were presenters at local, state and national workshops and symposia.
- Others attended workshops for the NJCCS Standards, the NJ Foreign Language Teachers Association, NJ Science Teachers Associations, NJ Math Teachers Association, the Art Educators of NJ, NJ Association of Physical Education Health and Recreation, NJ G & T, and the Rutgers Literacy Program.
- Our teachers planned and coordinated the two (2) annual in-service days; teachers served as facilitators and provided workshops on technology, early literacy mathematics, virtual learning, and the crossover from the NJCCS to the NJASK.

## Technology

The district continued to implement the strategies for meeting the goals set forth in the three (3) year technology plan. Guided by a technology education curriculum for Kindergarten through grade eight that emphasizes the infusion of technology into all areas of the school curricula, the teaching staff was involved in specific professional development to meet that end. All staff members have made attempts to improve their ability to utilize technology in their teaching. Staff members engaged in self-paced professional learning and the district provided professional development training. We continued to enhance its technology infrastructure and the entire building has wireless network capability. Each elementary teacher has access to a laptop computer for instructional use and two (2) sets of wireless-ready laptops are available for classroom use on rolling carts. The district's network switches were upgraded in order to maintain state-of-the art network performance; the first phase occurred in late 2006 and the second phase was completed in 2007. In accordance with the objectives and implementation strategies of the district's Three-Year Technology Plan, equipment, services and software were added for the 2007-2008 school year to enhance curriculum and instruction. The district's Internet access was updated to 3 Mbps 2xT1 service to accommodate increasing throughput demand. Google Apps services are being utilized by students and teachers to improve collaborative learning. Interactive white boards have been installed in select classrooms, with plans to continue adding interactive boards to classrooms over the next two (2) years. For the 2008-2009 school year, all classrooms will be equipped with multimedia projection and sound systems, some of which include the interactive boards. A new student information system was installed in the spring of 2008 that will be activated in September of 2008. To improve communications with students and parents, the new system has a web-based portal that enables parents and students to log on and view up-to-date attendance, grading and assignment information for each of their children. The system also has a web-based teacher grade book, which allows teachers to maintain grades and assignments electronically. The information is then automatically posted to the parent portal.

Pertinent professional development training was conducted throughout the year, which was associated with the use of the new equipment and services, as well as the new curriculum materials. Teachers conducted peer-led in-service sessions, covering such topics as 'Effective Use of Interactive Boards', 'Google Apps in the Curriculum', 'Digital Storytelling', and 'Technology Use in the Inclusion Classroom'. Several teachers were selected to present some of these sessions at TECHSPO 2008 and NECC 2008.

The district is extremely proud of accomplishments of its staff members, including, one staff member earning the National Board Certification via the National Board for Professional Teaching Standards, one teacher continued enrollment in the James Madison Constitutional Scholars Program at Princeton University and one teacher participated with the National Staff Development Academy.

Our school goals are linked to professional development and are an integral element in every teacher's professional improvement plan. It is our belief that systemic change, and the corresponding improvement in student achievement, cannot be realized unless goals, pedagogy, and the professional development of staff, both formally through professional improvement plans, and informally through self-reflection, are institutionalized and supported by resources. During this past year, the professional improvement was guided by a need to improve student writing and the infusion of technology. This goal is manifested in PIPs for all teachers and is identified in formal and informal classroom observations.

The district professional development plan was submitted to the Bedminster Township Board of Education for approval on December 20, 2007 and was approved by the County Professional Development Board on January 7, 2008.

##### 5. Community Outreach

As part of the 2008-2009 Bedminster Township Board of Education Goals, a comprehensive community survey will be completed during the school year.

A comprehensive Parent Survey was conducted in April of 1995. A general community survey was conducted in April of 1998 and updated in the spring of 2003. The latest report on the community survey was presented to the Board of Education in September 2003. The results of the survey were extremely positive and the general perception of the sample community members was that our school system is of high quality and well-managed, structured, safe and well regarded, with a positive impact on property values. The area of lowest score was the question regarding how well citizens know what the school curriculum covers. Using this information, the Board developed annual Board goals for curriculum, community relations, professional development, and personnel.

The Board of Education has invited and will continue to invite broad representation on critical issues and initiatives.

The Board encourages community input to assist with the strategic planning and decisions about the educational program. In fact, stakeholders are well represented on the Bedminster Technology Steering Committee, Food Advisory Committee, the Gifted and Talented/SWE Committee, the Somerset Hills Municipal Alliance Meetings, the Graduation Committee, the Governor's Teacher Recognition Committee, Read-Across-America, and the Parent Teacher Organization.

In addition to participation on ad-hoc committees, our parents do an extraordinary job as volunteers in our library, computer lab, classrooms and cafeteria. Last year, for example, over one hundred forty (140) parents volunteered on a regular basis. Their volunteer presence enhances our entire educational program.

Community programs and meetings held at the school during the year included the Annual Senior Citizens Brunch, hosted by the school, the DARE program conducted by the Police Department, Somerset Municipal Alliance, the Annual Lions Club and PTO co-sponsored Halloween Parade and Carnival, Intergenerational activities were planned with members of our Senior Community at Fellowship Village, and an extensive Township Recreation Program for both children and adults is held year-round.

The district's commitment and emphasis on the importance of community volunteerism is demonstrated by the forty (40) hours of community service required by all eighth grade students.

## FINANCIAL INFORMATION

### 1. Internal Accounting Controls

Management of the District is responsible for establishing and maintaining an internal control structure developed 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 required estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for insuring 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.

### 2. Budgetary Controls

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance at June 30, 2008.

### 3. 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".

4. Debt Administration

On October 14, 1997, the Bedminster Township Board of Education held a special school district election to refinance and cancel its outstanding lease purchase agreement dated March 28, 1991, as well as issue general obligation bonds in the amount of \$5,285,000 to construct a third story to its existing building. The total of these two (2) issues was \$15,605,000. General obligation payments, principal and interest for 2007-2008, totaled \$1,271,700.00.

The Board again was able to take advantage of market conditions and refinanced its 1997 general obligation bonds in October 2005, realizing a direct savings to taxpayers of approximately \$29,000 per year for thirteen (13) consecutive years.

5. Cash Management

The investment policy of the district is guided in large part by State statute as detailed in "Notes to the Financial Statements". 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.

6. Risk Management

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

### OTHER INFORMATION

1. Independent Audit

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of John Cassells & Company was appointed by the Board on August 14, 2008. 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 New Jersey's Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

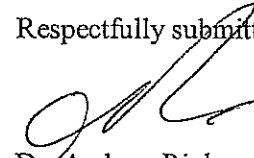
2. Awards


- Bedminster RANKED #1 by the Star Ledger for lowest tax rate and highest SAT scores
- Regional HS Valedictorians -BEDMINSTER STUDENTS: 2008, 2006, 2005, and 2004
- #1 Middle School Jazz Band, Music in the Parks Competition, 2008
- Somerset County "Teacher Who Makes Magic" 2008
- Kids Tech Grant-NJ Department of Education
- National Board Certification Granted
- Rutgers Sigma Chi "Science Teacher of the Year"
- James Madison Constitutional Scholar
- Governors Autism Award (\$300,000)
- Best Buy Technology Award (\$2,500)
- Somerset County Character Education Grant (\$5,000)
- Somerset County Re-cycling Award (\$1,000)
- Project Fit America (\$15,000)
- Governor's School of Excellence (\$25,000)
- NJ Chamber of Commerce Benchmark School 2004 and 2005
- NJSBAIG *Safety Award* 2008, 2007, 2006, 2005, 2004

ACKNOWLEDGMENTS

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

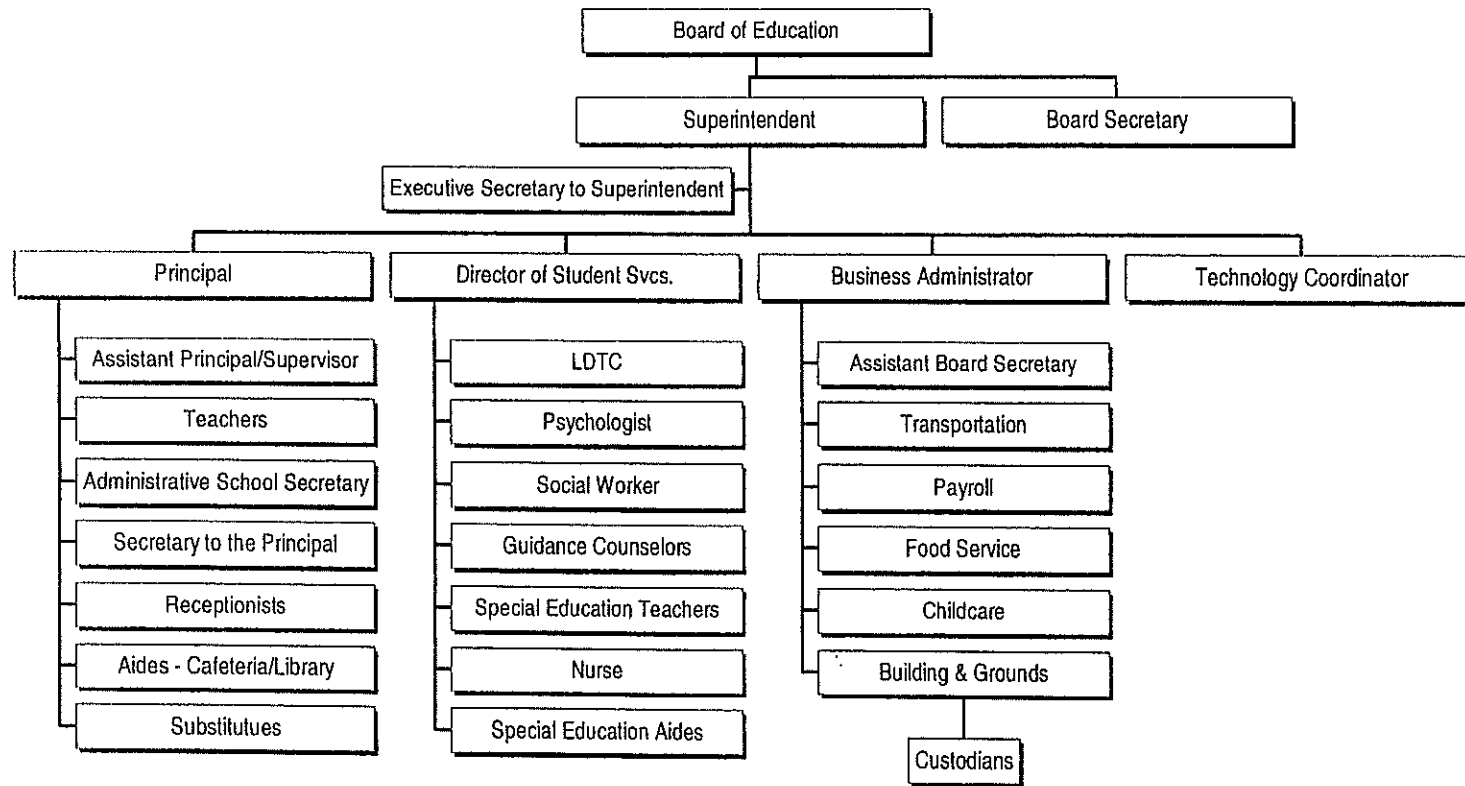
Respectfully submitted,

  
Dr. Andrew Rinko  
Superintendent

  
Debe Besold  
School Business Administrator/Board Secretary



## BEDMINSTER TOWNSHIP SCHOOL DISTRICT



# BEDMINSTER TOWNSHIP BOARD OF EDUCATION BEDMINSTER, NEW JERSEY

## ROSTER OF OFFICIALS

2008

<u>Members of the Board of Education</u>	<u>Term Expires</u>
James Carter, President	2011
Wendy Schlosser, Vice-President	2011
Jason Anagnostis	2009
Louis Casella	2011
Emily Caspersen	2009
Julie Goetz	2010
Brian Haggerty	2009
Caitlyn Parker	2009
Alice Rose	2010

### Other Officials

Andrew Rinko, Superintendent

Debe Besold, School Business Administrator/Board Secretary

Marilyn McClintick, Treasurer

Nicholas Celso, III, Esq., Board Attorney

**TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT**  
**Consultants and Advisors**

**Architect**

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P.O. Box 758  
Somerville, NJ 08876-0758

**Audit Firm**

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470 Schooley's Mountain Road  
PMB 162  
Hackettstown, NJ 07840

**Attorney**

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

**Official Depositories**

Peapack-Gladstone Bank  
Far Hills Branch  
Dumont Road  
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FINANCIAL SECTION

***John D. Cassells & Company***  
***Accountants and Auditors***  
***470 Schooley's Mountain Road, PMB 162***  
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**Independent Auditors' Report**

The Honorable President and Members  
of the Board of Education  
Township of Bedminster School District  
County of Somerset, 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 Board of Education of the Township of Bedminster School District in the County of Somerset as of and for the fiscal year ended June 30, 2008 which collectively comprise the District's basic financial statements, as listed in the foregoing 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 *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of 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 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 the 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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Township of Bedminster School District in the County of Somerset as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

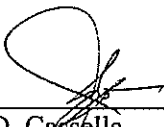
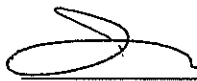
In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2008 on our consideration of the Board of Education of the Township of Bedminster School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

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

The Management's Discussion and Analysis and the Budgetary Comparison Information listed on Exhibits C-1 through C-3 and I-3 are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Township of Bedminster School District's basic financial statements. The accompanying introductory section, other supplementary information such as the combining and individual fund financial statements, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*; and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. The supplementary combining fund and individual fund financial statements, supplementary schedules and schedules of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

November 13, 2008  
Hackettstown, New Jersey

  
\_\_\_\_\_  
John D. Cassells  
Licensed Public School Accountant #00010500  
\_\_\_\_\_  
David H. Evans  
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS

## Management Discussion and Analysis (Unaudited)

This section of Township of Bedminster School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2008. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

### Financial Highlights

- The District's financial status is strong, in spite of minimal increases in state aid for several years.
- Overall revenue was \$17.3 million.
- Actual revenue was more than expected, primarily in tuition, interest income, miscellaneous and additional state aid from extraordinary special education costs aid and nonpublic transportation aid..
- Enrollment in the District has been slightly decreasing for the last several years and cost per pupil remains relatively stable.

### Overview of the Financial Statements

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

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

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

**Figure A-1**  
**Organization of K-12 School District's Financial Report**

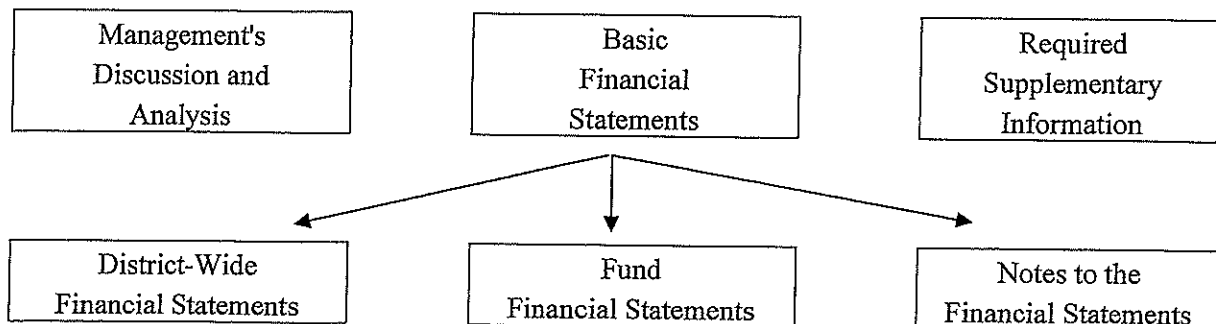




Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

**Figure A-2**

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

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

## District-wide Statements

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

The two District-wide statements report the District's *net 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*.

- 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 District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

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

## Fund Financial Statements

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

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

The District has three kinds of funds:

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

## Financial Analysis of the District as a Whole

**Net Assets.** The District's combined net assets change increased \$961,119. Net assets from governmental activities increased by \$966,598 combined with a decrease of net assets from business activities \$5,479. Net assets invested in capital assets increased by \$461,855, restricted net assets increased by \$419,891 and unrestricted net assets increased by \$79,373.

**Changes in Net Assets.** The District's combined net assets were \$5,930,969 on June 30, 2008, or \$961,119 more than they were the year before. (See Figure A-3).

Figure A-3

Condensed Statement of Net Assets							
	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2007/2008	2006/2007	2007/2008	2006/2007	2007/2008	2006/2007	
Current and Other Assets	\$ 1,079,519	\$ 692,117	\$ 12,158	\$ 6,314	\$ 1,091,677	\$ 698,431	56.30%
Capital Assets	13,089,345	13,512,317	1,946	2,119	13,091,291	13,514,436	-3.13%
Total Assets	14,168,864	14,204,434	14,104	8,433	14,182,968	14,212,867	-0.21%
Long-Term Debt Outstanding	8,060,543	8,978,967			8,060,543	8,978,967	-10.23%
Other Liabilities	184,443	264,050	11,151		195,594	264,050	-25.93%
Total Liabilities	8,244,986	9,243,017	11,151	-	8,256,137	9,243,017	-10.68%
Net Assets:							
Invested in Capital Assets, Net of Related Debt	5,139,345	4,677,317	1,946	2,119	5,141,291	4,679,436	9.87%
Restricted	608,173	188,282			608,173	188,282	223.01%
Unrestricted/(Deficit)	180,497	95,818	1,008	6,314	181,505	102,132	77.72%
Total Net Assets	\$ 5,928,015	\$ 4,961,417	\$ 2,954	\$ 8,433	\$ 5,930,969	\$ 4,969,850	19.34%

Figure A-4

### Changes in Net Assets from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2007/2008	2006/2007	2007/2008	2006/2007	2007/2008	2006/2007	
Revenue:							
Program Revenue:							
Charges for Services	\$ 41,958	\$ 34,551	\$ 158,762	\$ 146,315	\$ 200,720	\$ 180,866	10.98%
Operating Grants & Contributions	1,774,891	834,947	32,384	28,768	1,807,275	863,715	109.24%
General Revenue:							
Property Taxes	14,428,609	13,395,106			14,428,609	13,395,106	7.72%
Federal and State Aid	744,208	1,273,094			744,208	1,273,094	-41.54%
Other	127,607	31,525	11	10	127,618	31,535	304.69%
Total Revenue	17,117,273	15,569,223	191,157	175,093	17,308,430	15,744,316	9.93%
Expenses:							
Instruction	6,140,248	6,103,047			6,140,248	6,103,047	0.61%
Pupil and Instruction Services	6,560,484	5,578,266			6,560,484	5,578,266	17.61%
Administrative and Business	1,085,702	883,647			1,085,702	883,647	22.87%
Maintenance and Operations	999,368	1,088,404			999,368	1,088,404	-8.18%
Transportation	952,222	952,921			952,222	952,921	-0.07%
Other	412,651	387,989	196,637	172,904	609,288	560,893	8.63%
Total Expenses	16,150,675	14,994,274	196,637	172,904	16,347,312	15,167,178	7.78%
Increase/(Decrease) in Net Assets	\$ 966,598	\$ 574,950	\$ (5,479)	\$ 2,189	\$ 961,118	\$ 577,138	

*Revenue Sources.* The District's total revenue for the 2007/2008 school year was \$17,308,430 (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$14,428,609 of the total, or 83.36 percent. (See Figure A-5). Approximately 14.74 percent came from state and federal aid and the remainder from miscellaneous sources.

**Figure A-5**

**Sources of School District Revenue - Fiscal Year 2008**

	<u>Amount</u>	<u>Percentage</u>
Sources of Income:		
State Formula Aid	\$ 744,208	4.30%
Property Taxes	14,428,609	83.36%
Federal and State Categorical Grants	1,807,275	10.44%
Charges for Services	200,720	1.16%
Other	127,618	0.74%
	<u>\$ 17,308,430</u>	<u>100.00%</u>

The total cost of all programs and services was \$16,347,310. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (83.51 percent). (See Figure A-6). The District's administrative and maintenance and operations activities accounted for 12.75 percent of total costs. The most significant contributors to the high costs of Maintenance and Operations were higher fuel costs and products costs. It is important to remember that \$456,536 in depreciation is included in expenses for the year.

**Figure A-6**

**Sources of School District Expenses - Fiscal Year 2008**

	<u>Amount</u>	<u>Percentage</u>
Expense Category:		
Instruction	\$ 6,140,246	37.56%
Pupil and Instruction Services	6,560,484	40.13%
Administrative and Business	1,085,702	6.64%
Maintenance and Operations	999,368	6.11%
Transportation	952,222	5.82%
Other	609,288	3.73%
	<u>\$ 16,347,310</u>	<u>100.00%</u>

## Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District remains more or less stable. Maintaining existing programs and the provision of a multitude of special programs and services for disabled pupils place great demands on the District's resources.

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

- Participation in an insurance pool operated by New Jersey School Boards Association Insurance Group resulting in low cost property, liability and workers compensation insurance. The District is a 2.4% shareholder in this significant insurance policy.
- Participation in a group health plan with Horizon – which saved significantly as compared to the State Health Benefits Program.
- Participation in Joint Transportation Agreements.
- Participation in Joint Purchasing Agreements.

It is crucial that the District examine its expenditures carefully. Increasing parental and student demands for new activities and programs must be evaluated thoroughly. District resources are at their tightest level in a decade.

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

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

	Total Costs of Services		Net Cost of Services	
	2007/2008	2006/2007	2007/2008	2006/2007
Instruction	\$ 6,140,246	\$ 6,103,047	\$ 4,859,677	\$ 5,420,403
Pupil and Instruction Services	6,560,484	5,578,266	6,372,022	5,578,266
Administrative and Business	1,085,702	883,647	983,696	883,647
Maintenance and Operations	999,368	1,088,404	948,393	1,088,404
Transportation	952,222	952,921	757,387	800,618
Other	412,651	387,989	412,651	387,989
	<u>\$ 16,150,675</u>	<u>\$ 14,994,273</u>	<u>\$ 14,333,826</u>	<u>\$ 14,159,326</u>

- The cost of all governmental activities this year was \$16.15 million.
- The federal and state governments subsidized certain programs with grants and contributions was \$2.52 million
- Approximately \$14.42 million of the District's costs were financed by District taxpayers.
- The remainder of the funding came from tuition charges, miscellaneous revenue and investment earnings.

### Business-Type Activities

Net assets from the District's business-type activity decreased by \$5,479, (Refer to Figure A-4). Factors contributing to these results included:

- Food services expenditures exceeded revenues by \$5,479, accounting for all of the decrease in the net assets of the business-type activities.

### Financial Analysis of the District's Funds

The District's financial position remains relatively stable despite significant changes in the student clientele and difficult economic times. Expenditures during the recent year increased significantly as a result of an increased number of pupils with disabilities entering the school District. In addition to greater numbers, these pupils are more profoundly disabled and require more complex educational and related services.

A continued increase in enrollment of disabled students has also forced the District to expand its classroom teaching staff, special education aides and special transportation. The cost of these additional teachers, and special education aides, however, has largely been offset by salary reductions realized from the retirement of a significant number of veteran staff. Fringe benefit costs for all staff have increased dramatically in the past several years. The Board has changed to a different Health Benefits carrier in order to reduce costs in this area. Special transportation costs have been offset by a reduction of regular bussing through consolidation of routes.

These factors are likely to continue for the next several years. To maintain a stable financial position, the District must continue to practice sound fiscal management.

### General Fund Budgetary Highlights

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

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- Changes in budgetary line accounts to more accurately reflect current requirements.

### Capital Asset and Debt Administration

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

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2007/2008	2006/2007	2007/2008	2006/2007	2007/2008	2006/2007	
Land	\$ 7,444	\$ 7,444			\$ 7,444	\$ 7,444	0.00%
Site Improvements	165,625	179,440			165,625	179,440	-7.70%
Building Improvements	12,495,988	12,895,987			12,495,988	12,895,987	-3.10%
Machinery and Equipment	159,281	168,439	\$ 1,946	\$ 2,119	161,227	170,558	-5.47%
Construction in Progress	261,007	261,007			261,007	261,007	0.00%
Total Capital Assets	<u>\$ 13,089,345</u>	<u>\$ 13,512,317</u>	<u>\$ 1,946</u>	<u>\$ 2,119</u>	<u>\$ 13,091,291</u>	<u>\$ 13,514,436</u>	<u>-3.13%</u>

## Long-term Debt

At year-end, the District had a net of \$7,950,000 in general obligation bonds outstanding as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 9 to the financial statements.)

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

	Total School District		Percentage Change
	2007/2008	2006/2007	
General Obligation Bonds (Financed with Property Taxes)	\$ 7,950,000	\$ 8,835,000	
Net General Obligation Bonds	7,950,000	8,835,000	-10.02%
Capital Leases		57,123	-100.00%
Compensated Absences	110,543	86,844	27.29%
	<u>\$ 8,060,543</u>	<u>\$ 8,978,967</u>	<u>-10.23%</u>

- The District continued to pay down its debt, retiring \$885,000 of outstanding bonds and the outstanding balance of the capital lease..
- Compensated absences payable increased by a net amount of \$23,699.

## Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following legislation that has and could continue to significantly affect its financial health in the future:

- A5 – known as School District Accountability. This law, approved by the Governor on March 15, 2007 provides for various school district accountability measures.
- A1 – known as Tax Levy CAP. This law, approved by the Governor on April 3, 2007 establishes a 4% cap on tax levy increases, changes the accounting/transfers for and expands the number of permitted fund balance reserves.
- A4 – known as CORE. This law, approved by the Governor on April 3, 2007 implements CORE proposals and the primary focus of this law is to establish uniform shared services and consolidation through the use of new "Executive County Superintendents".
- The continued impact of S1701 legislation. S1701, adopted by the State of New Jersey on June 17, 2004, places limits on the School's ability to transfer funds into capital reserve for the construction and maintenance of school facilities, the ability to transfer available balance as needed and the ability to transfer available funds between appropriation accounts. Taking away the option of transferring available funds during the budget year will severely impact our ability to maintain and improve our facilities.

## Contacting the District's Financial Management

This financial report is designed to provide the District's 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 financial information, contact Mrs. Debe Besold, Business Administrator/Board Secretary, at the Board of Education Office at 234 Somerville Road, Bedminster, NJ 07921.

BASIC FINANCIAL STATEMENTS



DISTRICT-WIDE FINANCIAL STATEMENTS

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 928,449	\$ 1,758	\$ 930,207
Receivables from Other Governments	119,524	1,629	121,153
Other Receivables	4,048		4,048
Internal Balances	(4,137)	4,137	
Inventory		4,634	4,634
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	31,635		31,635
Capital Assets:			
Sites (Land) and Construction in Progress	268,451		268,451
Depreciable Site Improvements, Building and Building Improvements and Machinery and Equipment	12,820,894	1,946	12,822,840
Total Assets	<u>14,168,864</u>	<u>14,104</u>	<u>14,182,968</u>
<u>LIABILITIES:</u>			
Accounts Payable - Vendors		11,151	11,151
Payable to Federal Government	9,520		9,520
Payable to State Government	6,791		6,791
Accrued Interest Payable	114,929		114,929
Other Liabilities	19,556		19,556
Deferred Revenue	29,509		29,509
Noncurrent Liabilities:			
Due Within One Year, Net	925,000		925,000
Due Beyond One Year, Net	7,135,543		7,135,543
Total Liabilities	<u>8,240,849</u>	<u>11,151</u>	<u>8,252,000</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	5,139,345	1,946	5,141,291
Restricted for:			
Debt Service	11		11
Other Purposes	723,092		723,092
Unrestricted	65,567	1,007	66,574
Total Net Assets	<u>\$ 5,928,015</u>	<u>\$ 2,953</u>	<u>\$ 5,930,968</u>

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

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 4,857,849		\$ 478,501		\$ (4,379,349)		\$ (4,379,349)
Special Education	1,012,527	-	774,538		(237,989)		(237,989)
Other Instruction	169,068		27,531		(141,537)		(141,537)
School -Sponsored Instruction	100,802				(100,802)		(100,802)
Support Services:							
Tuition	4,826,546	41,958			(4,784,588)		(4,784,588)
Student and Instruction Related Services	1,733,938		146,504		(1,587,434)		(1,587,434)
General Administration Services	502,513		35,878		(466,636)		(466,636)
School Administration Services	274,429		31,600		(242,829)		(242,829)
Central Services	308,760		34,530		(274,231)		(274,231)
Plant Operations and Maintenance	999,368		50,975		(948,393)		(948,393)
Pupil Transportation	952,222		194,835		(757,387)		(757,387)
Interest on Long-Term Debt	412,651				(412,651)		(412,651)
Total Governmental Activities	16,150,675	41,958	1,774,891		(14,333,826)		(14,333,826)

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Business-Type Activities:							
Food Service	\$ 196,637	\$ 158,762	\$ 32,384			\$ (5,491)	\$ (5,491)
Total Business-Type Activities	196,637	158,762	32,384			(5,491)	(5,491)
Total Primary Government	<u>\$ 16,347,311</u>	<u>\$ 200,720</u>	<u>\$ 1,807,275</u>	<u>\$ -0-</u>	\$ (14,333,826)	\$ (5,491)	\$ (14,339,317)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					13,186,787		13,186,787
Taxes Levied for Debt Service					1,241,822		1,241,822
Federal and State Aid not Restricted					744,208		744,208
Investment Earnings					80,599	11	80,610
Miscellaneous Income					47,008		47,008
Total General Revenue					15,300,424	11	15,300,434
Change in Net Assets					966,598	(5,480)	961,118
Net Assets - Beginning					4,961,417	8,433	4,969,850
Net Asset - Ending					<u>\$ 5,928,015</u>	<u>\$ 2,953</u>	<u>\$ 5,930,968</u>

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

FUND FINANCIAL STATEMENTS

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 970,493	\$ (42,055)	\$ 11	\$ 928,449
Interfund Receivable	1,108	12,999		14,107
Receivables From Federal Government		3,957		3,957
Receivables From State Government	47,588	67,979		115,567
Other Receivable		4,005		4,005
Restricted Cash and Cash Equivalents	31,635			31,635
Total Assets	<u>1,050,824</u>	<u>46,885</u>	<u>11</u>	<u>1,097,719</u>
<u>LIABILITIES AND FUND BALANCES:</u>				
Liabilities:				
Interfund Payable	17,136	1,065		18,200
Payable to Federal Government		9,520		9,520
Payable to State Government		6,791		6,791
Other Liabilities	19,556			19,556
Deferred Revenue		29,509		29,509
Total Liabilities	<u>36,692</u>	<u>46,885</u>		<u>83,577</u>
Fund Balances:				
Reserved for:				
Encumbrances	239,484			239,484
Tuition Reserve 2005-2006	200,000			200,000
Tuition Reserve 2007-2008	200,000			200,000
Excess Surplus	36,232			36,232
Excess Surplus - Designated for Subsequent Year's Expenditures	15,741			15,741
Capital Reserve Account	31,635			31,635

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Unreserved, Reported in:				
General Fund:				
Designated for Subsequent Year's Expenditures	\$ 29,878			\$ 29,878
Undesignated	261,162			261,162
Debt Service Fund			11	11
Total Fund Balances	<u>1,014,132</u>		<u>11</u>	<u>1,014,142</u>
Total Liabilities and Fund Balances	<u>\$ 1,050,824</u>	<u>\$ 46,885</u>	<u>\$ 11</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 not Reported in the Funds. The Cost of the Assets is \$19,077,293 and the Accumulated Depreciation is \$5,987,948.

13,089,345

Deferred Interest costs are not reported as expenditures in the governmental funds in the year of the expenditure.

(114,929)

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.

(8,060,543)

Net Assets of Governmental Activities

\$ 5,928,015

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

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
Local Sources:				
Local Tax Levy	\$ 13,186,787	\$	\$ 1,241,822	\$ 14,428,609
Tuition	41,958			41,958
Interest Earned on Investments	80,594			80,594
Interest Earned on Capital Reserve Funds	5			5
Miscellaneous	47,008			47,008
Total - Local Sources	13,356,352		1,241,822	14,598,174
State Sources	1,932,763	345,559		2,278,322
Federal Sources		231,416		231,416
Local Sources		9,361		9,361
Total Revenues	15,289,115	586,336	1,241,822	17,117,272
EXPENDITURES:				
Current:				
Regular Instruction	3,134,896	256,533		3,391,429
Special Education Instruction	704,247			704,247
Other Special Instruction	102,239			102,239
School-Sponsored/Other Instruction	100,802			100,802
Support Services and Undistributed Costs:				
Tuition	4,826,546			4,826,546
Student and Other Instruction Related Services	965,064	329,803		1,294,867
General Administration Services	390,959			390,959
School Administration Services	187,406			187,406
Central Services	224,942			224,942
Plant Operations and Maintenance	891,368			891,368
Student Transportation	911,414			911,414
Unallocated Benefits	2,261,145			2,261,145



TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES:				
Debt Service:				
Principal	\$ -	\$ -	\$ 885,000	\$ 885,000
Interest and Other Charges			386,700	386,700
Capital Outlay	61,111			61,111
Total Expenditures	14,762,140	586,336	1,271,700	16,620,176
Excess/(Deficit) of Revenue Over/(Under) Expenditures	526,975		(29,878)	497,097
Net Change in Fund Balances	526,975	-	(29,878)	497,097
Fund Balance - July 1	487,157		29,889	517,045
Fund Balance - June 30	\$ 1,014,132	\$ -0-	\$ 11	\$ 1,014,142

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

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 497,097

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

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

This is the amount by which depreciation exceeded capital outlays in the period.

Depreciation Expense	\$ (456,362)	
Disposals of Assets with Carrying Value	(5,210)	
Capital outlays	<u>38,600</u>	
		(422,972)

In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

(23,699)

Repayment of serial bonds and capital leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.

Debt Principal	885,000	
Capital Lease Principal	<u>57,123</u>	
		942,123

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

In the statement of activities, interest on long term debt in the statement of activities is accrued,  
regardless of when due. In the governmental funds, interest is reported when due.

(25,951)

Change in Net Assets of Governmental Activities

\$ 966,598

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

## Exhibit B-4

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2008

	Business-type Activities - Enterprise Funds Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 1,758
Intergovernmental Accounts Receivable:	
State	153
Federal	1,476
Interfund Receivable	4,137
Inventories	4,634
	<hr/>
Total Current Assets	12,158
	<hr/>
Non-Current Assets:	
Capital Assets	15,167
Less: Accumulated Depreciation	(13,221)
	<hr/>
Total Non-Current Assets	1,946
	<hr/>
Total Assets	14,104
	<hr/>
<u>LIABILITIES:</u>	
Accounts Payable - Vendors	11,151
	<hr/>
Total Liabilities	11,151
	<hr/>
<u>NET ASSETS:</u>	
Investment in Capital Assets Net of Related Debt	1,946
Unrestricted	1,007
	<hr/>
Total Net Assets	\$ 2,953
	<hr/> <hr/>

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

## Exhibit B-5

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Business-type Activities - Enterprise Funds <u>Food Service</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 91,497
Daily Sales - Non-Reimbursable Programs	64,204
Special Events	<u>3,061</u>
Total Operating Revenue	<u>158,762</u>
Operating Expenses:	
Cost of Sales	94,052
Salaries, Benefits & Payroll Taxes	64,689
Supplies, Insurance & Other Costs	29,122
Management Fee	8,600
Depreciation Expense	<u>174</u>
Total Operating Expenses	<u>196,637</u>
Operating Loss	(37,875)
Non-Operating Income:	
Local Sources:	
Interest Earnings	11
State Sources:	
State School Lunch Program	2,036
Federal Sources:	
National School Lunch Program	18,575
Food Distribution Program	<u>11,773</u>
Total Non-Operating Income	<u>32,395</u>
Change in Net Assets	(5,480)
Net Assets - Beginning of Year	<u>8,433</u>
Net Assets - End of Year	<u><u>\$ 2,953</u></u>

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

Exhibit B-6

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Business-type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 158,762
Payments to Suppliers	(190,052)
Net Cash Used for Operating Activities	(31,290)
Cash Flows from Noncapital Financing Activities:	
State Sources	2,036
Federal Sources	30,348
Net Cash Provided by Noncapital Financing Activities	32,384
Cash Flows from Financing Activities:	
Interest Income	11
Net Cash Provided by Financing Activities	11
Net Increase in Cash and Cash Equivalents	1,104
Cash and Cash Equivalents, July 1	653
Cash and Cash Equivalents, June 30	\$ 1,758
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (37,875)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	174
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable	(4,417)
Increase in Accounts Payable	11,151
(Increase) in Inventory	(322)
Net Cash Used by Operating Activities	\$ (31,290)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program valued at \$11,915. and Utilized Commodities Valued at \$11,773.

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

Exhibit B-7

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2008

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Totals</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 168,544	\$ 10,870	\$ 179,414
Total Assets	<u>168,544</u>	<u>10,870</u>	<u>179,414</u>
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	54,497		54,497
Summer Payroll	71,187		71,187
Due to Student Groups	42,817		42,817
Interfund Accounts Payable	<u>43</u>		<u>43</u>
Total Liabilities	<u>168,544</u>	<u>-</u>	<u>168,544</u>
<u>NET ASSETS:</u>			
Held in Trust for Unemployment Claims		<u>10,870</u>	<u>10,870</u>
Total Net Assets	<u>\$ -0-</u>	<u>\$ 10,870</u>	<u>\$ 10,870</u>

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

Exhibit B-8

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Unemployment Compensation Trust	Totals
Additions:		
Contributions:		
Plan Members	\$ 8,473	\$ 8,473
Total Contributions	8,473	8,473
Investment Earnings:		
Interest	58	58
Net Investment Earnings	58	58
Total Additions	8,531	8,531
Deductions:		
Unemployment Claims	12,930	12,930
Total Deductions	12,930	12,930
Change in Net Assets	(4,399)	(4,399)
Net Assets - Beginning of the Year	15,268	15,268
Net Assets - End of the Year	\$ 10,870	\$ 10,870

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



TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

Capital Projects Fund: The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

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

Reports for the District's Food Service Fund are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)

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

D. Budgets/Budgetary Control:

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

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

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 15,289,686	\$ 586,336
Differences - Budget to GAAP:		
Prior Year State Aid Payment Recognized for GAAP Statements	45,293	
State Aid Payment Recognized for Budgetary Purposes, not not Recognized for GAAP Statements	(45,864)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 15,289,115</u>	<u>\$ 586,336</u>

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)

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

D. Budgets/Budgetary Control: (Cont'd)

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 14,762,140	\$ 586,336
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 14,762,140</u>	<u>\$ 586,336</u>

E. Cash and Cash Equivalents:

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

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

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

F. Interfund Transactions:

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

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)

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

F. Interfund Transactions: (Cont'd)

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2008.

K. Capital Assets:

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

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)

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

K. Capital Assets: (Cont'd)

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

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

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

L. Long Term Liabilities:

In the government-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond premiums and discounts as revenue and bond issuance costs as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. 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.

M. Accrued Salaries and Wages:

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2008, the amount earned by these employees but not yet disbursed was \$71,187.

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)

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

N. Compensated Absences:

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

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

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

O. Deferred Revenue:

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$1,014,132 General Fund fund balance at June 30, 2008, \$239,484 is reserved for encumbrances; \$31,635 is reserved in the capital reserve account; \$400,000 is reserved for tuition; \$200,000 has been legally reserved for tuition adjustment for the fiscal year ended June 30, 2009 and \$200,000 has been legally reserved for tuition adjustment for the fiscal year ended June 30, 2011; \$15,741 reserved as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2009; \$36,232 is reserved for excess surplus in accordance with N.J.S.A.18A:7F-7 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2010; \$29,878 is unreserved and designated for subsequent year's expenditures; and \$2611,162 is unreserved and undesignated which is \$45,864 less than the calculated maximum unreserved fund balance, on a GAAP basis, due to the final state aid payment, which is not recognized until the fiscal year ended June 30, 2009.

Debt Service Fund: The Debt Service Fund balance at June 30, 2008 of \$11 is unreserved and undesignated.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus as noted above.



TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

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

Q. Net Assets:

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

R. Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, a tuition reserve, a capital reserve and excess surplus as defined by State law.

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)

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

S. Revenue - Exchange and Nonexchange Transactions:

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

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

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

T. Operating Revenue and Expenses:

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

U. Management Estimates:

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

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

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

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

Deposits:

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

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

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

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

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

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)

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

Investments:

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

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

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)

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

As of June 30, 2008, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents	Investments	Capital Reserve Account	Total
Checking Accounts	\$ 737,008		\$ 31,635	\$ 768,643
Temporary Investments With Fiscal Agent		\$ 372,613		-
	<u>\$ 737,008</u>	<u>\$ 372,613</u>	<u>\$ 31,635</u>	<u>\$ 1,141,256</u>

The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2008, was \$1,141,256 and the bank balance was \$1,678,814.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the 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-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2007 to June 30, 2008 fiscal year is as follows:

Beginning Balance, July 1, 2007	\$ 31,630
Interest Earnings	<u>5</u>
Ending Balance, June 30, 2008	<u>\$ 31,635</u>

The balance in the capital reserve at June 30, 2008 did not exceed the balance of support costs of uncompleted capital projects in the District's Long Range Facilities Plan.

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2008 were as follows:

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 7,444			\$ 7,444
Construction in Progress	261,007			261,007
Total Capital Assets Not Being Depreciated	268,451			268,451
Capital Assets Being Depreciated:				
Site Improvements	283,185			283,185
Buildings and Building Improvements	17,429,755			17,429,755
Machinery and Equipment	1,236,697	\$ 38,600	\$ (179,395)	1,095,902
Total Capital Assets Being Depreciated	18,949,637	38,600	(179,395)	18,808,842
Governmental Activities Capital Assets	19,218,088	38,600	(179,395)	19,077,293
Less Accumulated Depreciation for:				
Site Improvements	(103,745)	(13,815)		(117,560)
Buildings and Building Improvements	(4,533,768)	(399,999)		(4,933,767)
Machinery and Equipment	(1,068,258)	(42,548)	174,185	(936,621)
	(5,705,771)	(456,362)	174,185	(5,987,948)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 13,512,317	\$ (417,762)	\$ (5,210)	\$ 13,089,345
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 15,167			\$ 15,167
Less Accumulated Depreciation	(13,048)	\$ (174)		(13,222)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 2,119	\$ (174)	\$ -0-	\$ 1,945

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 305,763
Special Education Instruction	31,945
Student and Instruction Related Services	54,763
School Administration Services	9,127
General and Business Administrative Services	13,691
Plant Operations and Maintenance	41,073
	<u>\$ 456,362</u>

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)

NOTE 6. TUITION RESERVE ACCOUNT

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

The District established a \$200,000 tuition reserve during the 2005-2006 fiscal year and another \$200,000 tuition reserve during the 2007-2008 fiscal year.

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2008, the following changes occurred in liabilities reported in the District-wide financial statements:

	Beginning Balance	Accrued	Retired	Ending Balance
Serial Bonds Payable	\$ 8,835,000		\$ 885,000	\$ 7,950,000
Capital Leases	57,123		57,123	
Compensated Absences Payable	86,844	\$ 62,843	39,144	110,543
	<u>\$ 8,978,967</u>	<u>\$ 62,843</u>	<u>\$ 981,267</u>	<u>\$ 8,060,543</u>

A. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2008 as follows:

Refinancing Bonds Dated December 1, 1997		
Maturity Date	Interest Rate	Principal Amount
3/1/2009	4.75%	\$ 915,000
3/1/2010	4.75%	960,000
3/1/2011	4.75%	635,000
3/1/2012	4.75%	70,000
		<u>\$ 2,580,000</u>

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable: (Cont'd)

Refunding Bonds Dated September 1, 2005		
Maturity Date	Interest Rate	Principal Amount
3/1/2009	3.50%	\$ 10,000
3/1/2010	3.25%	15,000
3/1/2011	3.50%	15,000
3/1/2012	3.75%	610,000
3/1/2013	3.75%	710,000
3/1/2014	4.00%	735,000
3/1/2015	4.50%	765,000
3/1/2016	4.00%	805,000
3/1/2017	4.00%	835,000
3/1/2018	4.00%	870,000
		<u>\$ 5,370,000</u>

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

Year Ended June 30,	Bonds		Total
	Principal	Interest	
2009	\$ 925,000	\$ 344,838	\$ 1,269,838
2010	975,000	301,025	1,276,025
2011	650,000	254,937	904,937
2012	680,000	224,250	904,250
2013	710,000	196,550	906,550
2014-2018	4,010,000	505,300	4,515,300
	<u>\$ 7,950,000</u>	<u>\$ 1,826,900</u>	<u>\$ 9,776,900</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2008, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

As of June 30, 2008, the Board had no capital leases payable.



TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

D. Compensated Absences

The liability for compensated absences of the governmental fund types is recorded in the long-term liabilities. The long-term liability balance of compensated absences is \$110,543. There is no current portion of compensated absences payable.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2008, no liability existed for compensated absences in the Food Service Fund.

The General Fund will be used to liquidate Compensated Absences Payable. The Debt Service Fund will be used to liquidate the Serial Bonds.

NOTE 8. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2008, the District did not transfer any monies to the capital outlay accounts.

NOTE 9. PENSION PLANS

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

Employees who are members of TPAF or PERS and retire at or after age 55 are entitled to a retirement benefit based upon a formula which takes 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Vesting occurs after 8 to 10 years of service.

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

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Employee contributions are based on percentages of 5.50% for TPAF and 5.50% for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF.

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

Three-Year Trend for TPAF (Paif on-behalf of the District)			
Year Funding June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008	\$ 352,492	100.00%	\$ 352,492
2007	333,813	100.00%	333,813
2006	46,135	100.00%	46,135

During the fiscal year ended June 30, 2008, the State of New Jersey contributed \$352,492 to the TPAF normal pension benefits on-behalf of the District. This amount has been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

Three-Year Trend for PERS			
Year Funding June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008	\$ 54,136	80.00%	\$ 43,309
2007	34,235	60.00%	20,541
2006	30,288	40.00%	12,115

Effective July 1, 2003, Chapter 108, P.L. 2003 provides for a reduction or "phase-in" of the required pension contribution to PERS for local employers for State fiscal years 2005-2008. The local employer PERS normal and accrued liability contributions required for State fiscal years 2005-2008 are as follows:

- 20% for payments due in State fiscal year 2005
- Not more than 40% for payments due in State fiscal year 2006
- Not more than 60% for payments due in State fiscal year 2007
- Not more than 80% for payments due in State fiscal year 2008

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2007, there were 75,860 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve of one-half of 1% of the active State payroll each year.

The State made post-retirement (PRM) contributions of \$592.7 million for TPAF and \$224.3 million for PERS in Fiscal Year 2007.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. The State paid \$110.3 million toward Chapter 126 benefits for 11,747 eligible retired members in Fiscal Year 2007.

NOTE 11. RISK MANAGEMENT

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance

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

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

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Selected, summarized financial information for the Fund as of June 30, 2007 is as follows:

	N. J. School Boards Association Insurance Group
Total Assets	\$ 165,643,047
Net Assets	\$ 19,514,255
Total Revenue	\$ 86,525,116
Total Expenses	\$ 76,790,192
Change in Net Assets	\$ 9,734,924
Net Asset Distribution to Participating Members	\$ -0-

Financial statements for the Fund are available at the Fund's Executive Director's Office.

New Jersey Unemployment Compensation Insurance

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2007-2008	\$ -0-	\$ 8,532	\$ 12,930	\$ 10,870
2006-2007	-0-	8,614		15,268
2005-2006	-0-	40		6,654

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2008:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,108	\$ 17,136
Special Revenue Fund	12,999	1,065
Proprietary Fund	4,137	
Fiduciary Fund		43
	<u>\$ 18,244</u>	<u>\$ 18,244</u>

NOTE 13. ECONOMIC DEPENDENCY

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

NOTE 14. DEFERRED COMPENSATION

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

AXA Equitable	Lincoln Financial
AIG Valic	Metropolitan Life
Ameriprise	

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

The District is periodically involved in claims and lawsuits arising in the normal course of business. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial statements of the District.

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)

NOTE 16. TAX CALENDAR

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

Taxes are collected by the constituent municipality and are remitted to the local school District on a predetermined mutually agreed-upon schedule.

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Local Sources:					
Local Tax Levy	\$ 13,186,787	\$ -	\$ 13,186,787	\$ 13,186,787	\$ -
Tuition	22,015		22,015	41,958	19,943
Interest Earned on Investments	60,000		60,000	80,594	20,594
Interest Earned on Capital Reserve Funds	5		5	5	
Miscellaneous				47,008	47,008
Total - Local Sources	13,268,807		13,268,807	13,356,352	87,545
State Sources:					
Transportation Aid	152,303		152,303	152,303	
Special Education Aid	665,365		665,365	665,365	
Bilingual Education	39,568		39,568	39,568	
Consolidated Aid	45,819		45,819	45,819	
Additional Formula Aid	54,996		54,996	54,996	
Teacher Quality Mentoring				1,364	1,364
Nonpublic Transportation 2006-2007				12,004	12,004
Nonpublic Transportation 2007-2008				13,717	13,717
Extraordinary Aid				16,696	16,696
TPAF Pension (On-Behalf - Non-Budgeted)				352,492	352,492
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				264,842	264,842
Reimbursed TPAF Social Security Contributions (non-budgeted)				314,168	314,168
Total State Sources	958,051		958,051	1,933,334	975,283
Total Revenue	14,226,858		14,226,858	15,289,686	1,062,828



TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 272,491	\$ -	\$ 272,491	\$ 219,159	\$ 53,332
Grades 1-5 - Salaries of Teachers	1,567,125	(18,464)	1,548,661	1,543,501	5,160
Grades 6-8 - Salaries of Teachers	1,111,923		1,111,923	1,053,129	58,794
Regular Programs - Home Instruction:					
Salaries of Teachers	2,025		2,025	2,025	
Regular Programs - Undistributed Instruction:					
Purchased Technical Services	40,300	(6,101)	34,199	32,751	1,448
Other Purchased Services	7,668	5,300	12,968	12,968	
General Supplies	142,018	(200)	141,818	139,759	2,059
Textbooks	39,302		39,302	36,553	2,749
Other Objects	96,148	2,320	98,468	95,051	3,418
Total Regular Programs - Instruction	<u>3,279,000</u>	<u>(17,145)</u>	<u>3,261,855</u>	<u>3,134,896</u>	<u>126,960</u>
Special Education - Instruction:					
Auditory Impairments					
Salaries of Teachers	13,000	22,066	35,066	35,066	
Total Auditory Impairments	<u>13,000</u>	<u>22,066</u>	<u>35,066</u>	<u>35,066</u>	

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 504,760	\$ -	\$ 504,760	\$ 500,476	\$ 4,284
Other Salaries for Instruction	13,412		13,412	13,412	
General Supplies	3,400		3,400	3,225	175
Textbooks	300		300	273	27
Other Objects	650		650	568	82
Total Resource Room/Resource Center	522,522		522,522	517,954	4,568
Preschool Disabilities - Part Time:					
Salaries of Teachers	73,644		73,644	68,982	4,662
Other Salaries for Instruction	28,134		28,134	24,968	3,166
Purchased Professional-Educational Services	59,000		59,000	56,568	2,432
General Supplies	665		665	646	19
Other Objects	210		210	64	146
Total Preschool Disabilities - Part Time	161,653		161,653	151,228	10,425
Total Special Education - Instruction	697,175	22,066	719,241	704,247	14,994
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	21,350		21,350	21,350	
General Supplies	500	(500)			
Other Objects	500		500		500
Total Basic Skills/Remedial - Instruction	22,350	(500)	21,850	21,350	500

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 82,430	\$ -	\$ 82,430	\$ 80,029	\$ 2,401
General Supplies	500		500	360	140
Other Objects	500		500	500	
Total Bilingual Education - Instruction	83,430		83,430	80,889	2,541
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	18,917	-	18,917	18,667	250
Supplies and Materials	23,100		23,100	21,881	1,219
Other Objects	1,000		1,000	1,000	
Total School-Sponsored Cocurricular Activities - Instruction	43,017		43,017	41,548	1,469
School-Sponsored Athletics - Instruction:					
Salaries	53,304	(10,000)	43,304	42,079	1,225
Purchased Services (300-500 series)		6,807	6,807	4,785	2,022
Other Objects	14,600		14,600	12,389	2,211
Total School-Sponsored Athletics - Instruction	67,904	(3,193)	64,711	59,254	5,457
Total Instruction	4,192,876	1,228	4,194,104	4,042,184	151,629
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	4,203,500	32,627	4,236,127	4,233,854	2,273
Tuition to Other LEAs Within the State - Special	37,000	(20,179)	16,821	1,745	15,076
Tuition to Private School for the Disabled - Within the State	747,064	(91,124)	655,940	590,948	64,992
Total Undistributed Expenditures - Instruction	4,987,564	(78,676)	4,908,888	4,826,546	82,341
Health Services:					
Salaries	74,306		74,306	64,607	9,699
Purchased Professional and Technical Services	5,500	(151)	5,349	4,830	519
Supplies and Materials	2,500	851	3,351	3,185	166
Total Health Services	82,306	700	83,006	72,621	10,385
Other Support Services - Students - Related Services:					
Salaries	65,933		65,933	52,597	13,336
Purchased Professional - Educational Services	15,735		15,735	7,523	8,213
Supplies and Materials	1,200	19	1,219	1,179	40
Other Objects	200	(19)	181	108	73
Total Other Support Services - Students - Related Services	83,068		83,068	61,407	21,662

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Support Services - Students - Regular Services:					
Salaries of Other Professional Staff	\$ 140,199	\$ -	\$ 140,199	\$ 109,345	\$ 30,854
Salaries of Secretarial and Clerical Assistants	38,649		38,649	38,452	197
Supplies and Materials	11,832		11,832	9,215	2,617
Other Objects	3,500		3,500	1,037	2,463
Total Other Support Services - Students - Regular Services	194,180		194,180	158,049	36,131
Other Support Services - Students - Special Services:					
Salaries of Other Professional Staff	275,521		275,521	274,915	606
Salaries of Secretarial and Clerical Assistants	39,843		39,843	37,163	2,680
Purchased Professional - Educational Services	11,400	1,270	12,670	12,604	66
Other Purchased Services (400-500 series)	388		388	384	4
Supplies and Materials	4,000	(1,270)	2,730	2,680	50
Total Other Support Services - Students - Special Services	331,152		331,152	327,746	3,406

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Expenditures:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	\$ 97,100	\$ -	\$ 97,100	\$ 92,938	\$ 4,162
Salaries of Other Professional Staff	94,327		94,327	93,060	1,267
Salaries of Secretarial and Clerical Assistants	14,200		14,200	14,200	
Other Purchased Services (400-500 series)	10,189		10,189	213	9,976
Supplies and Materials	500		500	144	356
Other Objects	7,100		7,100	6,411	689
Total Improvement of Instructional Services	223,416		223,416	206,967	16,449
Instructional Staff Training Services:					
Other Purchased Professional and Technical Services	25,000		25,000	14,156	10,844
Total Instructional Staff Training Services	25,000		25,000	14,156	10,844
Edu. Media Services - School Library:					
Salaries	88,486		88,486	85,459	3,027
Other Purchased Services (400-500 series)	12,390	2,714	15,104	15,104	
Supplies and Materials	18,530	83	18,613	17,825	788
Other Objects	7,000	(83)	6,917	5,731	1,186
Total Edu. Media Services - School Library:	126,406	2,714	129,120	124,119	5,001
General Administration:					
Salaries	212,057		212,057	211,279	778
Legal Services	40,000	67,016	107,016	107,016	
Other Purchased Professional Services	14,820	(3,250)	11,570	11,570	
Audit Fees	17,900	3,175	21,075	21,075	
Communications/Telephone	5,000		5,000	5,000	
Other Purchased Services (400-500 series)	10,000	367	10,367	10,306	61
General Supplies	22,650	(3,713)	18,937	16,531	2,406
BOE Membership Dues and Fees	8,182		8,182	8,182	
Total General Administration	330,609	63,595	394,204	390,959	3,245

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
School Administration:					
Salaries of Principals/Assistant Principals	\$ 158,582	\$ -	\$ 158,582	\$ 156,453	\$ 2,129
Salaries of Secretarial and Clerical Assistants	31,392		31,392	29,633	1,759
Other Purchased Services (400-500 series)	3,000	(3,000)			
Supplies and Materials	1,250		1,250	1,120	130
Other Objects	1,814	(1,614)	200	200	
Total School Administration	196,038	(4,614)	191,424	187,406	4,018
Central Services:					
Salaries	203,771	1,185	204,956	203,341	1,615
Other Purchased Services (400-500 series)	19,350	(3,817)	15,533	14,716	817
Supplies and Materials	3,200	3,817	7,017	6,885	132
Total Central Services	226,321	1,185	227,506	224,942	2,564
Allowable Maintenance for School Facilities:					
Salaries	111,536	-	111,536	111,536	-
Other Purchased Services	500		500	420	80
Cleaning, Repair and Maintenance Services	137,388	103	137,491	123,193	14,297
General Supplies	11,500	(103)	11,397	9,209	2,188
Total Allowable Maintenance for School Facilities	260,924	0	260,924	244,358	16,566
Other Operations & Maintenance of Plant:					
Salaries	220,164		220,164	188,645	31,519
Purchased Professional - Technical Services	25,600	2,450	28,050	27,000	1,050
Cleaning, Repair and Maintenance Services	68,500		68,500	68,292	208
Other Purchased Property Service	26,000	(3,000)	23,000	19,618	3,382
Insurance	54,600		54,600	50,364	4,236
Miscellaneous Purchased Services	2,728		2,728	2,290	438
General Supplies	36,000	(2,450)	33,550	28,058	5,492
Energy (Heat and Electricity)	268,121	(14,063)	254,058	253,216	842
Other Objects	18,000	(4,624)	13,376	9,526	3,850
Total Other Operations & Maintenance of Plant	719,713	(21,687)	698,026	647,009	51,017

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Student Transportation Services:					
Salaries for Pupil Trans. (Between Home & School) - Regular	\$ 99,080	\$ -	\$ 99,080	\$ 98,998	\$ 82
Management Fees-ESC & CTSA Transportation Programs	9,450	3,548	12,998	12,998	-
Contracted Services (Between Home and School) - Vendors	399,432	102	399,534	399,534	-
Contracted Services (Other than Between Home and School)-Vendors	37,617	(7,933)	29,684	29,111	573
Contracted Services (Between Home and School)-Joint Agreements	7,248	8,786	16,034	16,034	
Contracted Services (Special Education Students)-Vendors	59,340	(34,329)	25,011	25,011	
Contracted Services (Regular Students)-ESC's	189,000	71,600	260,600	260,600	
Contracted Services - Aid in Lieu of Payments	92,820	(19,774)	73,046	67,646	5,400
Miscellaneous Expenditures	525	957	1,482	1,482	
Total Student Transportation Services	894,512	22,957	917,469	911,414	6,055
Unallocated Benefits:					
Social Security Contributions	105,899	738	106,637	106,637	
Other Retirement Contributions - Regular	24,649	18,660	43,309	43,309	
Unemployment Compensation	2,500	(738)	1,762	1,220	542
Workmen's Compensation	54,600	(6,063)	48,537	46,185	2,352
Health Benefits	1,110,120		1,110,120	1,102,292	7,828
Tuition Reimbursement	30,000		30,000	30,000	
Total Unallocated Benefits	1,327,768	12,597	1,340,365	1,329,643	10,722
TPAF Pension (On-Behalf - Non-Budgeted)				352,492	(352,492)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				264,842	(264,842)
Reimbursed TPAF Social Security Contributions (non-budgeted)				314,168	(314,168)
Total On-Behalf Contributions				931,502	(931,502)
Total Personal Services - Employee Benefits	1,327,768	12,597	1,340,365	2,261,145	(920,780)
Total Undistributed Expenditures	10,008,977	(1,228)	10,007,749	10,658,845	(651,096)
Total Current Expense	14,201,853	0	14,201,853	14,701,028	(499,467)

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Capital Outlay:					
Equipment:					
General Supplies	\$ 125,000	\$ -	\$ 125,000	\$ 61,111	\$ 63,889
Total Equipment	125,000		125,000	61,111	63,889
Total Capital Outlay	125,000		125,000	61,111	63,889
Total Expenditures	14,326,853	0	14,326,853	14,762,140	(435,287)
Excess (Deficiency) of Revenue Over (Under) Expenditures	(99,995)	(0)	(99,995)	527,546	627,541
Fund Balance, July 1	532,450		532,450	532,450	
Fund Balance, June 30	\$ 432,455	\$ (0)	\$ 432,455	\$ 1,059,996	\$ 627,541
Recapitulation:					
Reserve for Encumbrances				\$ 239,484	
Reserve for Excess Surplus - 2009-2010				36,232	
Excess Surplus - Designated for Subsequent Year's Expenditures				15,741	
Tuition Reserve - Designated for 2010-2011 School Year				200,000	
Tuition Reserve - Designated for 2008-2009 School Year				200,000	
Capital Reserve				31,635	
Unreserved - Designated for Subsequent Year's Expenditures				29,878	
Unreserved/Undesignated Fund Balance				307,026	
Reconciliation to Governmental Fund Statements (GAAP):				1,059,996	
Last State Aid Payment not recognized on GAAP basis				(45,864)	
Fund Balance per Governmental Funds (GAAP)				\$ 1,014,132	



TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ -	\$ 10,000	\$ 10,000	\$ 9,361	\$ 639
State Sources	24,782	325,582	350,364	345,559	4,805
Federal Sources	175,217	53,655	228,872	231,416	(2,544)
Total Revenues	199,999	389,237	589,236	586,336	2,900
EXPENDITURES:					
Instruction:					
Salaries of Teachers	93,361	74,953	168,314	168,314	
Purchased Professional and Technical Services	13,984	(13,984)	-	-	
General Supplies	8,819	70,799	79,618	79,618	
Other Objects	-	9,000	9,000	8,601	400
Total Instruction	116,164	140,768	256,932	256,533	399
Support Services:					
Salaries of Other Professional Staff	-	12,155	12,155	12,155	
Personal Services - Employee Benefits	-	13,448	13,448	13,448	
Purchased Professional & Technical Services	62,799	217,721	280,520	280,520	
Purchased Professional - Educational Services	3,967	(1,529)	2,438		2,438
Other Purchased Services	17,069	5,590	22,659	22,659	
Supplies and Materials		1,084	1,084	1,021	63
Total Support Services	83,835	248,469	332,304	329,803	2,501
Total Expenditures	\$ 199,999	\$ 389,237	\$ 589,236	\$ 586,336	\$ 2,900

Exhibit C-3

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 15,289,686	\$ 586,336
Differences - Budget to GAAP:		
Prior Year State Aid Payment Recognized for GAAP Statements	45,293	
State Aid Payment Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(45,864)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and and Changes in Fund Balances - Governmental Funds.	<u>\$ 15,289,115</u>	<u>\$ 586,336</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 14,762,140</u>	<u>\$ 586,336</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 14,762,140</u>	<u>\$ 586,336</u>

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

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

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

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

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

N.C.L.B				
	Title I	Title IIA	Title IID	Title III
REVENUE:				
Local Sources	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-
Federal Sources	11,852	17,069	63	3,957
Total Revenue	11,852	17,069	63	3,957
EXPENDITURES:				
Instruction:				
Salaries of Teachers	10,951			
General Supplies	63		63	3,957
Other Objects				
Total Instruction	11,014		63	3,957
Support Services:				
Salaries of Other Professional Staff				
Personal Services - Employee Benefits	838			
Purchased Professional & Technical Services		17,069		
Other Purchased Services				
Supplies and Materials				
Total Support Services	838	17,069		
Total Expenditures	\$ 11,852	\$ 17,069	\$ 63	\$ 3,957

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	N.C.L.B.		IDEA, Part B	
	Title IV	Title V	Basic	Preschool
REVENUE:				
Local Sources	\$ -	\$ -	\$ -	\$ -
State Sources				
Federal Sources	1,310	675	189,295	7,195
Total Revenue	1,310	675	189,295	7,195
EXPENDITURES:				
Instruction:				
Salaries of Teachers			93,361	6,255
General Supplies	1,310	675	1,087	-
Other Objects				
Total Instruction	1,310	675	94,448	6,255
Support Services:				
Salaries of Other Professional Staff				
Personal Services - Employee Benefits			8,587	940
Purchased Professional & Technical Services			86,260	
Other Purchased Services				
Supplies and Materials				-
Total Support Services			94,847	940
Total Expenditures	\$ 1,310	\$ 675	\$ 189,295	\$ 7,195

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Nonpublic			
	Textbook	Examination & Classification	Nursing	Technology Initiative
REVENUE:				
Local Sources	\$ -	\$ -	\$ -	\$ -
State Sources	10,719	8,869	17,370	8,601
Federal Sources	-	-	-	-
Total Revenue	10,719	8,869	17,370	8,601
EXPENDITURES:				
Instruction:				
Salaries of Teachers			17,370	
General Supplies	10,719	8,869		
Other Objects				8,601
Total Instruction	10,719	8,869	17,370	8,601
Support Services:				
Salaries of Other Professional Staff				
Personal Services - Employee Benefits				
Purchased Professional & Technical Services				
Other Purchased Services				
Supplies and Materials				
Total Support Services				
Total Expenditures	\$ 10,719	\$ 8,869	\$ 17,370	\$ 8,601

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Autism	Various Local	Total
REVENUE:			
Local Sources	\$ -	\$ 9,361	\$ 9,361
State Sources	300,000		345,559
Federal Sources	-		231,416
Total Revenue	300,000	9,361	586,336
EXPENDITURES:			
Instruction:			
Salaries of Teachers	40,377		168,314
General Supplies	43,514	9,361	79,618
Other Objects			8,601
Total Instruction	83,891	9,361	256,533
Support Services:			
Salaries of Other Professional Staff	12,155		12,155
Personal Services - Employee Benefits	3,083		13,448
Purchased Professional & Technical Services	194,260		280,520
Other Purchased Services	5,590		22,659
Supplies and Materials	1,021		1,021
Total Support Services	216,109		329,803
Total Expenditures	\$ 300,000	\$ 9,361	\$ 586,336



CAPITAL PROJECTS FUND

PROPRIETARY FUNDS
-------------------

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET ASSETS  
JUNE 30, 2008

ASSETS:

## Current Assets:

Cash and Cash Equivalents	\$ 1,758
Intergovernmental Accounts Receivable:	
State	153
Federal	1,476
Interfund Receivable	4,137
Inventories	4,634
	<hr/>

Total Current Assets	<hr/> 12,158 <hr/>
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## Non-Current Assets:

Capital Assets	15,167
Less: Accumulated Depreciation	<hr/> (13,221) <hr/>

Total Non-Current Assets	<hr/> 1,946 <hr/>
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Total Assets	<hr/> 14,104 <hr/>
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LIABILITIES:

Accounts Payable - Vendors	<hr/> 11,151 <hr/>
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Total Liabilities	<hr/> 11,151 <hr/>
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NET ASSETS:

Investment in Capital Assets Net of Related Debt	1,946
Unrestricted	<hr/> 1,007 <hr/>

Total Net Assets	<hr/> \$ 2,953 <hr/>
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TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 91,497
Daily Sales - Non-Reimbursable Programs	64,204
Special Events	3,061
	<hr/>
Total Operating Revenue	158,762
	<hr/>
Operating Expenses:	
Cost of Sales	94,052
Salaries, Benefits & Payroll Taxes	64,689
Supplies, Insurance & Other Costs	29,122
Management Fee	8,600
Depreciation Expense	174
	<hr/>
Total Operating Expenses	196,637
	<hr/>
Operating Loss	(37,875)
Non-Operating Income:	
Local Sources:	
Interest Earnings	11
State Sources:	
State School Lunch Program	2,036
Federal Sources:	
National School Lunch Program	18,575
Food Distribution Program	11,773
	<hr/>
Total Non-Operating Income	32,395
	<hr/>
Change in Net Assets	(5,480)
Net Assets - Beginning of Year	8,433
	<hr/>
Net Assets - End of Year	\$ 2,953
	<hr/>

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 158,762
Payments to Suppliers	(190,052)
	<hr/>
Net Cash Used for Operating Activities	(31,290)
	<hr/>
Cash Flows from Noncapital Financing Activities:	
State Sources	2,036
Federal Sources	30,348
	<hr/>
Net Cash Provided by Noncapital Financing Activities	32,384
	<hr/>
Cash Flows from Financing Activities:	
Interest Income	11
	<hr/>
Net Cash Provided by Financing Activities	11
	<hr/>
Net Increase in Cash and Cash Equivalents	1,104
Cash and Cash Equivalents, July 1	653
	<hr/>
Cash and Cash Equivalents, June 30	\$ 1,758
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (37,875)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	174
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable	(4,417)
Increase in Accounts Payable	11,151
(Increase) in Inventory	(322)
	<hr/>
Net Cash Used by Operating Activities	\$ (31,290)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program valued at \$11,915. and Utilized Commodities Valued at \$11,773.

FIDUCIARY FUNDS
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Exhibit H-1

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF NET ASSETS  
FOR THE FISCAL YEAR JUNE 30, 2008

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Totals</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 168,544	\$ 10,870	\$ 179,414
Total Assets	<u>168,544</u>	<u>10,870</u>	<u>179,414</u>
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	54,497		54,497
Summer Payroll	71,187		71,187
Due to Student Groups	42,817		42,817
Interfund Accounts Payable	<u>43</u>		<u>43</u>
Total Liabilities	<u>168,544</u>		<u>168,544</u>
<u>NET ASSETS:</u>			
Held in Trust for Unemployment Claims		<u>10,870</u>	<u>10,870</u>
Total Net Assets	<u>\$ -0-</u>	<u>\$ 10,870</u>	<u>\$ 10,870</u>

Exhibit H-2

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR JUNE 30, 2008

	Unemployment Compensation Trust	Totals
Additions:		
Contributions:		
Plan Members	\$ 8,473	\$ 8,473
Total Contributions	8,473	8,473
Investment Earnings:		
Interest	58	58
Net Investment Earnings	58	58
Total Additions	8,531	8,531
Deductions:		
Unemployment Claims	12,930	12,930
Total Deductions	12,930	12,930
Change in Net Assets	(4,399)	(4,399)
Net Assets - Beginning of the Year	15,268	15,268
Net Assets - End of the Year	\$ 10,870	\$ 10,870



TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR JUNE 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 35,396	\$ 116,442	\$ 109,021	\$ 42,817
Total Assets	<u>\$ 35,396</u>	<u>\$ 116,442</u>	<u>\$ 109,021</u>	<u>\$ 42,817</u>
 <u>LIABILITIES:</u>				
General Organization Fund	\$ 35,396	\$ 116,442	\$ 109,021	\$ 42,817
Total Liabilities	<u>\$ 35,396</u>	<u>\$ 116,442</u>	<u>\$ 109,021</u>	<u>\$ 42,817</u>

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR JUNE 30, 2008

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 117,460	\$ 7,245,737	\$ 7,237,470	\$ 125,727
Total Assets	<u>\$ 117,460</u>	<u>\$ 7,245,737</u>	<u>\$ 7,237,470</u>	<u>\$ 125,727</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 18,398	\$ 3,580,562	\$ 3,544,463	\$ 54,497
Net Salaries and Wages	-	3,590,763	3,590,763	-
Summer Payroll	99,036	73,949	101,798	71,187
Interfund Accounts Payable	<u>26</u>	<u>463</u>	<u>446</u>	<u>43</u>
Total Liabilities	<u>\$ 117,460</u>	<u>\$ 7,245,737</u>	<u>\$ 7,237,470</u>	<u>125,727</u>

LONG-TERM DEBT

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
LONG TERM DEBT  
STATEMENT OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2008		Interest Rate	Balance July 1, 2007	Issued	Retired or Matured	Balance June 30, 2008
			Date	Amount					
Refinance Lease Purchase Agreement and Addition to School	12/1/1997	\$ 15,605,000	3/1/2009	\$ 915,000	4.75%	\$ 3,455,000		\$ 875,000	\$ 2,580,000
			3/1/2010	960,000	4.75%				
			3/1/2011	635,000	4.75%				
			3/1/2012	70,000	4.75%				
Refunding Bonds Series 2005	9/1/2005	5,410,000	3/1/2009	10,000	3.50%	5,380,000		10,000	5,370,000
			3/1/2010	15,000	3.25%				
			3/1/2011	15,000	3.50%				
			3/1/2012	610,000	3.75%				
			3/1/2013	710,000	3.75%				
			3/1/2014	735,000	4.00%				
			3/1/2015	765,000	4.50%				
			3/1/2016	805,000	4.00%				
			3/1/2017	835,000	4.00%				
			3/1/2018	870,000	4.00%				
						<u>\$ 8,835,000</u>	<u>\$ -</u>	<u>\$ 885,000</u>	<u>\$ 7,950,000</u>

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
LONG-TERM DEBT  
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2007</u>	<u>Retired or Matured</u>	<u>Balance June 30, 2008</u>
Heating and Air Conditioning	2.64%	\$ 167,000	<u>\$ 57,123</u>	<u>\$ 57,123</u>	<u>\$ -0-</u>

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,241,822	\$ -	\$ 1,241,822	\$ 1,241,822	\$ -
Total Revenues	<u>1,241,822</u>		<u>1,241,822</u>	<u>1,241,822</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	386,700		386,700	386,700	-
Redemption of Principal	<u>885,000</u>		<u>885,000</u>	<u>885,000</u>	
Total Regular Debt Service	<u>1,271,700</u>		<u>1,271,700</u>	<u>1,271,700</u>	
Total Expenditures	<u>1,271,700</u>		<u>1,271,700</u>	<u>1,271,700</u>	
Deficit of Revenues Under Expenditures	(29,878)		(29,878)	(29,878)	
Fund Balance, July 1	<u>29,889</u>		<u>29,889</u>	<u>29,889</u>	
Fund Balance, June 30	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ 11</u>	<u>\$ -</u>

## STATISTICAL SECTION (Unaudited)

### Financial Trends

J-1	Net Assets by Component
J-2	Changes in Net Assets
J-3	Fund Balances - Governmental Funds
J-4	Changes in Fund Balances - Governmental Funds
J-5	General Fund - Other Local Revenue by Source

### Revenue Capacity

J-6	Assessed Value and Estimated Actual Value of Taxable Property
J-7	Direct and Overlapping Property Tax Rates
J-8	Principal Property Taxpayers
J-9	Property Tax Levies and Collections

### Debt Capacity

J-10	Ratios of Outstanding Debt by Type
J-11	Ratios of Net General Bonded Debt Outstanding
J-12	Direct and Overlapping Governmental Activities Debt as of June 30
J-13	Legal Debt Margin Information

### Demographic and Economic Information

J-14	Demographic and Economic Statistics
J-15	Principal Employers

### Operating Information

J-16	Full-time Equivalent District Employees by Function/Program
J-17	Operating Statistics
J-18	School Building Information
J-19	Schedule of Required Maintenance for School Facilities
J-20	Insurance Schedule

Certain Exhibits do not contain ten years of information since GASBS No. 44 was implemented as of the fiscal year ending June 30, 2006.

## TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT

**Net Assets by Component**  
**Last Five Fiscal Years**  
*(accrual basis of accounting)*  
**Unaudited**

	Fiscal Year Ending June 30,				
	2008	2007	2006	2005	2004
Governmental activities					
Invested in capital assets, net of related debt	\$ 5,139,345	\$ 4,677,317	\$ 4,157,984	\$ 3,635,867	\$ 3,282,964
Restricted	723,103	206,051	431,440	325,268	177,271
Unrestricted	65,567	78,050	(202,857)	(287,246)	(9,340)
Total governmental activities net assets	<u>5,928,015</u>	<u>4,961,417</u>	<u>4,386,567</u>	<u>3,673,889</u>	<u>3,450,895</u>
Business-type activities					
Invested in capital assets, net of related debt	1,946	2,119	2,293	2,741	4,141
Restricted					
Unrestricted	1,007	6,314	3,951	4,524	3,840
Total business-type activities net assets	<u>2,953</u>	<u>8,434</u>	<u>6,244</u>	<u>7,265</u>	<u>7,981</u>
District-wide					
Invested in capital assets, net of related debt	5,141,291	4,679,436	4,160,277	3,638,609	3,287,104
Restricted	723,103	206,051	431,440	325,268	177,271
Unrestricted	66,574	84,364	(198,906)	(282,722)	(5,500)
Total district net assets	<u>\$ 5,930,968</u>	<u>\$ 4,969,851</u>	<u>\$ 4,392,811</u>	<u>\$ 3,681,155</u>	<u>\$ 3,458,876</u>

Source: District records



TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT

Changes in Net Assets  
Last Five Fiscal Years  
(accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,				
	2008	2007	2006	2005	2004
<b>Expenses</b>					
Governmental activities					
Instruction					
Regular	\$ 4,857,849	\$ 4,928,652	\$ 4,349,373	\$ 4,487,500	\$ 4,185,002
Special education	1,012,527	897,589	803,777	657,987	677,930
Other instruction	169,068	276,806	381,521	391,577	357,291
School sponsored/other instructional	100,802				
Support Services:					
Tuition	4,826,546	4,087,882	3,991,022	3,849,508	3,086,721
Student and instruction related services	1,733,938	1,490,383	1,300,958	1,146,110	1,112,957
School administrative services	274,429	274,823	300,487	250,168	284,081
General and business administrative services	502,513	608,824	560,020	590,093	641,359
Central Services	308,760				
Plant operations and maintenance	999,368	1,088,404	1,030,389	984,913	941,445
Pupil transportation	952,222	952,921	849,671	775,892	676,903
Charter Schools				10,659	11,540
Interest on long-term debt	412,651	387,989	414,835	529,755	564,826
Total governmental activities expenses	<u>16,150,675</u>	<u>14,994,273</u>	<u>13,982,052</u>	<u>13,674,162</u>	<u>12,540,055</u>
Business-type activities:					
Food service	196,637	172,904	184,896	179,290	166,471
Total business-type activities expense	<u>196,637</u>	<u>172,904</u>	<u>184,896</u>	<u>179,290</u>	<u>166,471</u>
Total district-wide expenses	<u>16,347,311</u>	<u>15,167,177</u>	<u>14,166,948</u>	<u>13,853,452</u>	<u>12,706,526</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:	41,958				
Operating grants and contributions	1,774,891	834,947	1,110,760	1,136,618	2,121,189
Total governmental activities program revenues	<u>1,816,849</u>	<u>834,947</u>	<u>1,110,760</u>	<u>1,136,618</u>	<u>2,121,189</u>

BOARD OF EDUCATION  
TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT

Changes in Net Assets  
Last Five Fiscal Years  
(accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,				
	2008	2007	2006	2005	2004
Business-type activities:					
Charges for services					
Food service	\$ 158,762	\$ 146,315	\$ 155,207	\$ 145,775	\$ 139,839
Operating grants and contributions	32,384	28,768	28,659	32,785	27,516
Total business-type activities program revenues	191,145	175,083	183,866	178,559	167,355
Total district-wide program revenues	2,007,994	1,010,030	1,294,626	1,315,177	2,288,543
<b>Net (Expense)/Revenue</b>					
Governmental activities	(14,333,826)	(14,159,326)	(12,871,292)	(12,537,544)	(10,418,866)
Business-type activities	(5,491)	2,179	(1,029)	(730)	884
Total district-wide net expense	(14,339,317)	(14,157,146)	(12,872,322)	(12,538,275)	(10,417,982)
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Taxes:					
Property taxes, levied for general purposes	13,186,787	12,123,393	11,703,040	11,178,584	10,216,887
Property taxes, levied for debt service principal	1,241,822	1,271,713	1,184,592	1,306,868	736,479
Federal and State aid not restricted	744,208	1,273,094	695,347	518,525	45,867
Tuition (other than special schools)		34,551	12,749	-	5,250
Investment earnings	80,599	53,248	63,520	33,238	18,068
Miscellaneous income	47,008	46,052	69,692	25,943	37,688
Net Change Due to Defeasance of Bonds		-	(80,000)		
Disposal of Assets		(67,775)	(65,070)		
Capital Lease - Prior Period Adjustment				(151,013)	
Total governmental activities	15,300,424	14,734,276	13,583,870	12,912,145	11,060,239
Business-type activities:					
Investment earnings	11	10	8	15	15
Total business-type activities	11	10	8	15	15
Total district-wide general revenues	15,300,434	14,734,286	13,583,878	12,912,159	11,060,254
<b>Change in Net Assets</b>					
Governmental activities	966,598	574,950	712,578	374,600	641,373
Business-type activities	(5,480)	2,190	(1,021)	(715)	899
Total district-wide change in net assets	\$ 961,118	\$ 577,140	\$ 711,556	\$ 373,885	\$ 642,272

Source: District records

## TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT

**Fund Balances - Governmental Funds,  
Last Five Fiscal Years**  
*(modified accrual basis of accounting)*  
**Unaudited**

	Fiscal Year Ending June 30,				
	2008	2007	2006	2005	2004
General Fund					
Reserved	\$ 723,092	\$ 265,140	\$ 529,254	\$ 372,301	\$ 206,411
Unreserved	291,040	222,017	130,523	285,666	299,517
Total general fund	<u>1,014,132</u>	<u>487,157</u>	<u>659,778</u>	<u>657,967</u>	<u>505,928</u>
All Other Governmental Funds					
Unreserved, reported in:					
Capital projects fund				2,097	151,483
Debt service fund	11	29,889	29,878	119,380	
Total all other governmental funds	<u>11</u>	<u>29,889</u>	<u>29,878</u>	<u>121,477</u>	<u>151,483</u>
Total Fund Balances	<u>\$ 1,014,142</u>	<u>\$ 517,045</u>	<u>\$ 689,656</u>	<u>\$ 779,444</u>	<u>\$ 657,411</u>

Source: District records

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT

Changes in Fund Balances - Governmental Funds,  
Last Five Fiscal Years  
(modified accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,				
	2008	2007	2006	2005	2004
<b>Revenues</b>					
Tax levy	\$ 14,428,609	\$ 13,395,106	\$ 12,887,632	\$ 12,485,452	\$ 11,518,192
Tuition charges	41,958	34,551	12,749		5,250
Interest earnings	80,599	53,248	63,520	33,238	18,068
Miscellaneous	47,008	46,052	69,692	25,943	44,171
Local Sources	9,361				
State sources	2,278,322	1,892,002	1,593,565	1,413,868	1,419,416
Federal sources	231,416	216,039	212,541	241,275	176,330
Total revenues	<u>17,117,272</u>	<u>15,636,998</u>	<u>14,839,700</u>	<u>14,199,775</u>	<u>13,181,427</u>
<b>Expenditures</b>					
Instruction					
Regular Instruction	3,391,429	3,324,120	3,119,878	3,110,560	2,836,544
Special education instruction	704,247	675,767	625,964	514,444	535,883
Other instruction	102,239	276,806	381,521	391,577	348,238
School sponsored/other instructional	100,802				
Support Services:					
Tuition	4,826,546	4,087,882	3,991,022	3,849,508	3,086,721
Student and instruction related services	1,294,867	1,079,398	972,421	945,373	893,260
School administrative services	187,406	194,379	236,509	207,586	236,732
General and business administrative services	390,959	547,889	510,164	526,220	570,336
Central services	224,942				
Plant operations and maintenance	891,368	876,847	879,711	820,079	815,172
Pupil transportation	911,414	905,136	812,781	744,298	664,358
Employee benefits	2,261,145	2,389,218	1,844,502	1,579,698	1,559,444
Charter Schools				10,659	11,540
Capital outlay	61,111	180,462	279,363	70,872	211,565
Debt service:					
Principal	885,000	845,000	820,000	765,000	725,000
Interest and other charges	386,700	426,703	455,653	541,868	576,305
Total expenditures	<u>16,620,176</u>	<u>15,809,608</u>	<u>14,929,488</u>	<u>14,077,742</u>	<u>13,071,098</u>
Excess (Deficiency) of revenues over (under) expenditures	497,097	(172,610)	(89,788)	122,033	110,330

**TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT**  
**Changes in Fund Balances - Governmental Funds,**  
**Last Five Fiscal Years**  
*(modified accrual basis of accounting)*  
**Unaudited**

	Fiscal Year Ending June 30,				
	2008	2007	2006	2005	2004
<b>Other Financing sources (uses)</b>					
Transfers in		-	3,657	119,379	2,291
Transfers out		-	(3,657)	(119,379)	(2,291)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ 497,097</u>	<u>\$ (172,610)</u>	<u>\$ (89,788)</u>	<u>\$ 122,033</u>	<u>\$ 110,330</u>
<b>Debt service as a percentage of noncapital expenditures</b>	7.68%	8.14%	8.71%	9.33%	10.12%

Source: District records

Exhibit J-5

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT

General Fund - Other Local Revenue by Source  
 Last Ten Fiscal Years  
*(modified accrual basis of accounting)*  
 Unaudited

<u>Fiscal Year Ending June 30,</u>	<u>Annual Totals</u>	<u>Tuition</u>	<u>Interest</u>	<u>Miscellaneous</u>
1999	\$ 150,122	\$ 59,548	\$ 56,011	\$ 34,563
2000	151,275	54,150	65,576	31,549
2001	165,731	48,792	81,835	35,104
2002	79,830	16,982	35,890	26,958
2003	70,833	8,831	15,310	46,692
2004	58,714	5,250	15,776	37,688
2005	53,190	-	33,238	19,952
2006	120,500	12,749	61,961	45,790
2007	133,850	34,551	53,248	46,052
2008	169,565	41,958	80,599	47,008

Source: District records

## TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT

Assessed Value and Estimated Actual Value of Taxable Property,  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended December 31,	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
1998	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,247,939,891	\$ 1,284,156,410	0.642
1999	23,967,280	753,010,200	171,155,192	351,508,800	-	-	1,299,641,472	9,321,622	\$ 1,309,017,894	1,280,666,655	0.647
2000	18,617,980	806,453,000	199,934,701	401,235,800	-	-	1,426,241,481	5,339,271	1,432,478,752	1,387,864,474	0.641
2001	17,867,600	905,365,239	232,884,674	465,020,500	-	-	1,621,138,013	6,965,912	1,628,103,925	1,533,476,743	0.625
2002	16,753,300	1,004,117,507	286,848,885	507,904,400	-	-	1,815,624,092	7,745,673	1,823,369,765	1,761,509,615	0.599
2003	18,408,100	1,151,834,380	324,292,356	522,611,824	-	-	2,017,146,660	7,705,089	2,024,851,749	1,947,695,159	0.569
2004	16,606,000	1,149,658,380	338,870,335	528,061,924	-	-	2,033,196,639	7,524,440	2,040,721,079	2,132,188,733	0.612
2005	17,757,400	1,334,556,800	387,838,145	471,686,700	-	-	2,211,839,045	8,035,633	2,219,874,678	2,319,215,418	0.581
2006	17,850,300	1,479,391,300	439,081,900	498,289,500	420,000	-	2,435,033,000	7,864,995	2,442,897,995	2,496,502,481	0.548
2007	14,943,900	1,570,628,976	471,823,680	546,437,200	450,000	-	2,604,283,756	6,964,130	2,611,247,886	2,681,711,662	0.553

Source: Municipal Tax Assessor

## TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT

Direct and Overlapping Property Tax Rates  
 Last Ten Fiscal Years  
*(rate per \$100 of assessed value)*  
 Unaudited

Fiscal Year Ended December 31,	School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Municipality	County	
1998	\$ 0.533	\$ 0.109	\$ 0.642	\$ 0.307	\$ 0.460	\$ 1.41
1999	0.547	0.100	0.647	0.312	0.440	1.40
2000	0.550	0.091	0.641	0.308	0.431	1.38
2001	0.545	0.080	0.625	0.280	0.400	1.31
2002	0.529	0.072	0.601	0.276	0.393	1.27
2003	0.505	0.064	0.569	0.261	0.369	1.20
2004	0.548	0.064	0.612	0.303	0.384	1.30
2005	0.522	0.059	0.581	0.261	0.357	1.20
2006	0.496	0.052	0.548	0.258	0.332	1.14
2007	0.505	0.048	0.553	0.250	0.312	1.12

Source: Municipal Tax Collector



## TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT

Principal Property Taxpayers  
Current Year and Nine Years Ago  
Unaudited

Fiscal Year Ended June 30,	2008		1999	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Metropolitan Tower Insurance Co.	\$ 218,154,000	8.35%	\$ -     Not Available     	
Jaygrace Co. LLC	41,819,600	1.60%		
BIT Holdings	32,867,000	1.26%		
Hamilton Farm Golf Club	33,715,400	1.29%		
MIRF Bedminster	35,187,000	1.35%		
Lamington Farm Club	27,500,000	1.05%		
EM Associates	26,470,800	1.01%		
S/K Bedminster One LLC	24,808,000	0.95%		
Crossroads Business Center	24,300,000	0.93%		
Bedminster 2 Funding	14,337,900	0.55%		
Total	<u>\$ 479,159,700</u>	<u>18.35%</u>	<u>\$ -</u>	<u>0.00%</u>

Source: Municipal Tax Assessor

## TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT

Property Tax Levies and Collections  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended December 31,	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
1998	17,714,772	17,575,810	99.21%	-	17,575,810	99.21%
1999	18,463,035	18,345,317	99.36%	-	18,345,317	99.36%
2000	20,110,970	19,981,175	99.35%	-	19,981,175	99.35%
2001	21,785,667	21,633,164	99.29%	-	21,633,164	99.29%
2002	23,247,617	23,028,411	99.05%	-	23,028,411	99.05%
2003	24,447,582	24,237,802	99.14%	-	24,237,802	99.14%
2004	26,689,734	26,201,406	98.17%	-	26,201,406	98.17%
2005	26,858,436	26,604,233	99.05%	-	26,604,233	99.05%
2006	27,883,272	27,636,366	99.11%	-	27,636,366	99.11%
2007	29,447,436	29,236,761	99.28%	-	29,236,761	99.28%

Source: Municipal Tax Collector

## TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities	Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
1999	\$ 14,505,000					\$ 14,505,000	3.41%	\$ 1,781
2000	13,900,000					13,900,000	2.95%	1,687
2001	13,270,000					13,270,000	2.90%	1,616
2002	12,605,000					12,605,000	2.77%	1,528
2003	11,910,000					11,910,000	2.58%	1,438
2004	11,185,000		318,013			11,503,013	2.34%	1,387
2005	10,420,000		175,896			10,595,896	2.05%	1,275
2006	9,620,000		50,338			9,670,338	1.73%	1,160
2007	8,835,000		57,123			8,892,123	1.58%	1,063
2008	7,950,000					7,950,000	N/A	N/A

N/A - Information Not Available

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

## TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT

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 Value of Property	Per Capita
	General Obligation Bonds	Deductions			
1999	\$ 14,505,000		\$ 14,505,000	1.11%	\$ 1,781
2000	13,900,000		13,900,000	0.97%	1,687
2001	13,270,000		13,270,000	0.82%	1,616
2002	12,605,000		12,605,000	0.69%	1,528
2003	11,910,000		11,910,000	0.59%	1,438
2004	11,185,000		11,185,000	0.55%	1,348
2005	10,420,000		10,420,000	0.47%	1,254
2006	9,620,000		9,620,000	0.39%	1,153
2007	8,835,000		8,835,000	0.34%	1,057
2008	7,950,000		7,950,000	N/A	N/A

N/A - Information Not Available

**Notes:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.  
 a See Exhibit J-6 for property tax data.  
 b Population data can be found in Exhibit J-14.

## TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT

Direct and Overlapping Governmental Activities Debt  
 As of December 31,2007  
 Unaudited

Net Direct Debt of School District as of December 31,2007		\$ 8,835,000
Net Overlapping Debt of School District:		
Township of Bedminster (100%)	\$ 7,445,862	
County of Somerset - Township's share (4.374%)	<u>5,288,610</u>	
		<u>12,734,472</u>
Total Direct and Overlapping Debt as of December 31,2007		<u>\$ 21,569,472</u>

Source: Township of Bedminster Chief Financial Officer and Somerset County Treasurer's Office

## TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT

Legal Debt Margin Information  
Last Ten Fiscal Years  
Unaudited

## Legal Debt Margin Calculation for Fiscal Year 2008

## Equalized valuation basis

2005	\$ 2,462,249,855
2006	2,674,097,298
2007	2,713,643,593
	<u>\$ 7,849,990,746</u>

Average equalized valuation of taxable property \$ 2,616,663,582

Debt limit (3% of average equalization value) 78,499,907  
 Total Net Debt Applicable to Limit 8,835,000  
 Legal debt margin \$ 69,664,907

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

	Fiscal Year				
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Debt limit	\$ -	\$ -	\$ -	\$ -	\$ 51,197,392
Total net debt applicable to limit					<u>11,910,000</u>
Legal debt margin	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,287,392</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	23.26%

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

a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

## TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT

**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**  
**Unaudited**

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
1998	8,204	\$ 411,168,072	\$ 50,118	2.10%
1999	8,143	425,154,173	52,211	2.00%
2000	8,238	471,633,738	57,251	1.70%
2001	8,212	456,973,164	55,647	2.20%
2002	8,251	455,620,220	55,220	3.70%
2003	8,280	462,504,240	55,858	3.60%
2004	8,296	492,151,904	59,324	3.00%
2005	8,309	517,035,834	62,226	2.50%
2006	8,340	560,414,640	67,196	2.70%
2007	8,362	561,892,952	67,196	2.40%

**Sources:**

Population information provided by the NJ Dept of Labor and Workforce Development

Personal Income has been estimated based upon the municipal population and per capita personal income presented

Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

## TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT

Principal Employers  
Current Year and Nine Years Ago  
Unaudited

Employer	2007			1998		
	Employees	Rank [Optional]	Percentage of Total Municipal Employment	Employees	Rank [Optional]	Percentage of Total Municipal Employment
AT&T	3000	1	N/A	Information Not Available		
Verizon Wireless	930	2	N/A			
Dendrite	700	3	N/A			
Fiddlers Elbow Country Club	210	4	N/A			
Trump National	400	5	N/A			
Falrion Technologies	200	6	N/A			
Hamilton Farm	175	7	N/A			
Kings	120	8	N/A			
Bedminster Twp Bd of Ed	100	9	N/A			
Loral Skynet	80	10	N/A			
			-			
	5915		0.00%	0		0.00%

Source: Township of Bedminster Tax Assessor



## TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT

Full-time Equivalent District Employees by Function/Program  
Last Ten Fiscal Years  
Unaudited

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Instruction										
Regular	50	49	51	49	48.5	49.5	49.5	51.5	46.7	47.7
Special education	8	8	7	5	7	7	8	8	7.8	11.3
Other instruction	5	5	4.5	11.5	11	9	8	8	8.5	10
School sponsored/other instructional	0	0	0	0	0	0	0	0	0	0
Support Services:										
Tuition	0	0	0	0	0	0	0	0	0	0
Student and instruction related services	4	4	4	5	7	7	7	7	12	12
School administrative services	3	3	3	3	3	3	3	3	3	3
General and business administrative services	3.5	1.5	1.5	1.5	1.5	2.5	2.5	2.5	2.5	2.5
Central Services		2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Administrative information technology	1	1	1	1	1	1	1	1	1	1
Plant operations and maintenance	6.5	7	7.5	7.5	7.5	7.5	7.5	8	8	8
Pupil transportation	0	0	0	0	0	1.5	1.5	0	1.5	1.5
Special Schools	0	0	0	0	0	0	0	0	0	0
Food Service	0	0	0	0	0	0	0	0	0	0
Child Care	0	0	0	0	0	0	0	0	0	0
Total	81	81	82	86	89	90.5	90.5	93	93.5	99.5

Source: District Personnel Records

## TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT

Operating Statistics  
Last Ten Fiscal Years  
Unaudited

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
1999	568	\$ 5,578,934	\$ 9,822	10.25%	57	9:3	N/A	N/A	567.6	554.0	-0.42%	97.60%
2000	615	5,974,161	9,714	-1.10%	57	9:7	N/A	N/A	614.7	584.6	8.30%	95.10%
2001	596	6,360,769	10,672	9.87%	58	9:8	N/A	N/A	596.4	554.1	-2.98%	92.91%
2002	594	6,909,582	11,632	8.99%	54	9:1	N/A	N/A	594.1	554.9	-0.39%	93.40%
2003	567	7,428,663	13,102	12.63%	55	9:3	N/A	N/A	567.3	550.8	-4.51%	97.09%
2004	591	7,714,811	13,054	-0.37%	58	9:3	N/A	N/A	591.0	567.4	4.18%	96.01%
2005	610	8,060,089	13,213	1.22%	59	9:3	N/A	N/A	618.0	587.7	4.57%	95.10%
2006	585	8,433,972	14,417	9.11%	61	9:3	N/A	N/A	585.0	563.4	-5.34%	96.31%
2007	582	9,074,144	15,591	8.14%	61	9:3	N/A	N/A	568.0	543.6	-2.91%	95.70%
2008	593	9,076,842	15,307	-1.83%	67		N/A	N/A	593.0	571.7	4.40%	96.41%

Source: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay and excludes 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).

## TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT

School Building Information  
Last Ten Fiscal Years  
Unaudited

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>District Building</b>										
<u>Elementary - PreK-8</u>										
Bedminster Township School (1993/1999)										
Square Feet	128,000	128,000	128,000	128,000	128,000	128,000	128,000	128,000	128,000	128,000
Capacity (students)	750	750	750	750	750	750	750	750	750	750
Enrollment	568	615	596	594	567	591	610	585	582	593

Number of Schools at June 30, 2007

    Elementary = PreK-8 = 1

    (Includes Central Office)

**Source: District Facilities Office**

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

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
 General Fund  
 Schedule of Required Maintenance for School Facilities  
 Last Five Fiscal Years  
 Unaudited

Undistributed Expenditures--Required  
 Maintenance for School Facilities  
 11-000-261-xxx

<u>*School Facility</u>	<u>Pending Projects (w/DOE Project #)</u>	<u>Gross Building Area (SF)</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Elementary School	N/A	128,000	\$ 244,358	\$ 255,400	\$ 179,386	\$ 159,107	\$ 79,607	\$ 132,919	\$ 33,970	\$ 32,690
Other Facilities (none-incl. Above)			-	-	-	-	-	-	-	-
<b>District Total</b>			<u>\$ 244,358</u>	<u>\$ 255,400</u>	<u>\$ 179,386</u>	<u>\$ 159,107</u>	<u>\$ 79,607</u>	<u>\$ 132,919</u>	<u>\$ 33,970</u>	<u>\$ 32,690</u>

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

Source: District records

## Exhibit J-20

## TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT

**Insurance Schedule  
As of June 30, 2008  
Unaudited**

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
Educational Risk Insurance Consortium - North (N.J. School Boards Association Insurance Group):		
Package Property & Liability		
Building & Contents	\$ 28,085,596	\$ 5,000
Computers - Hardware and Software	480,328	1,000
Computers - Extra Expense	Included	
Extra Expense	Included	5,000
Boiler and Machinery Property Damage	28,085,596	
General Liability		
Personal and Advertising Injury Limit	11,000,000	
Each Occurrence Limit	11,000,000	
Employee Benefit Liability		
Each Claim	11,000,000	
Aggregate	11,000,000	
E & O	11,000,000	
Surety Bonds:		
Board Secretary/Business Administrator	50,000	
Treasurer of School Monies	200,000	
Blanket Bond	50,000	

**Source: District records**

SINGLE AUDIT SECTION

***John D. Cassells & Company***  
***Accountants and Auditors***  
***470 Schooley's Mountain Road, PMB 162***  
***Hackettstown, New Jersey 07840***

***Cell - 973-219-3695***

***Fax - 908-852-1276***

**Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

The Honorable President and Members  
of the Board of Education  
Township of Bedminster School District  
County of Somerset, 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 Board of Education of the Township of Bedminster School District, in the County of Somerset (the "Board") as of, and for the fiscal year ended June 30, 2008, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 13, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey (the "Department"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Board's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the Board's financial statements that is more than inconsequential will not be prevented or detected by the Board's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Board's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 above.

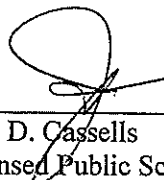
The Honorable President and Members  
of the Board of Education  
Township of Bedminster School District  
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board'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*.

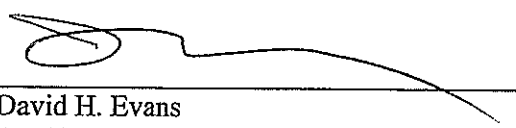
This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities, and is not intended to be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

November 13, 2008  
Hackettstown, New Jersey



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John D. Cassells  
Licensed Public School Accountant # 00010500



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David H. Evans  
Certified Public Accountant



***John D. Cassells & Company***  
***Accountants and Auditors***  
***470 Schooley's Mountain Road, PMB 162***  
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Independent Auditors' Report on Compliance with Requirements Applicable to each Major  
Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and  
New Jersey's OMB Circular NJOMB 04-04

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

Compliance

We have audited the compliance of the Board of Education of the Township of Bedminster School District in the County of Somerset (the "Board") 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 State Aid/Grant Compliance Supplement* that are applicable to each of its major state programs for the fiscal year ended June 30, 2008. The Board's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board'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; audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey (the "Department"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*; and Federal Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards, Federal OMB Circular A-133, and New Jersey's OMB Circular NJOMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Board'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 of the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the fiscal year ended June 30, 2008.

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

### Internal Control Over Compliance

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing our 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.

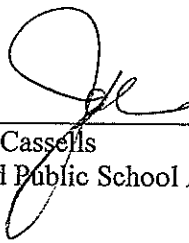
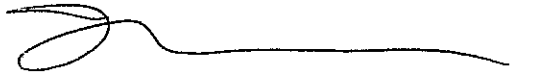
A control deficiency in a Board's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Board's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the Board's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the Board's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 members of the Board of Education, and to meet the requirements for filing with 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.

November 13, 2008  
Hackettstown, New Jersey

  
\_\_\_\_\_  
John D. Cassells  
Licensed Public School Accountant #00010500  
\_\_\_\_\_  
David H. Evans  
Certified Public Accountant

## TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT

Schedule A

Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance July 1, 2007	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2008		
				From	To							Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Agriculture Passed - Through State Department of Education:														
Child Nutrition Cluster:														
Food Distribution Program	10.555	N/A	\$ 11,773	7/1/07	7/1/08	\$ -	\$ -	\$ 11,773	\$ (10,081)	\$ -	\$ -	\$ -	\$ 1,693	\$ -
Food Distribution Program	10.555	N/A	6,759	7/1/06	7/1/07	1,835	-	-	(1,835)	-	-	-	-	-
National School Lunch Program	10.555	N/A	18,575	7/1/07	7/1/08	-	-	17,099	(18,575)	-	-	(1,476)	-	-
National School Lunch Program	10.555	N/A	18,131	7/1/06	7/1/07	(1,212)	-	1,212	-	-	-	-	-	-
Total Child Nutrition Cluster						622	-	30,084	(30,490)	-	-	(1,476)	1,693	-
Total U.S. Department of Agriculture						622	-	30,084	(30,490)	-	-	(1,476)	1,693	-
U.S. Department of Education Passed -through State Department of Education														
No Child Left Behind Consolidated Grant:														
Title I	84.010A	NCLB 024008	11,852	9/1/07	8/31/08	-	-	11,852	(11,852)	-	-	-	-	-
Title I, Part A Disadvantaged	84.010A	NCLB 024002	17,925	9/1/01	8/31/02	293	-	-	-	-	-	-	-	-
Title IIA	84.367A	NCLB 024008	17,069	9/1/07	8/31/08	-	-	17,069	(17,069)	-	-	-	-	293
Title IID	84.367A	NCLB 024008	63	9/1/07	8/31/08	-	-	63	(63)	-	-	-	-	-
Title III	84.365A	NCLB 024008	3,957	9/1/07	8/31/08	-	-	-	(3,957)	-	-	(3,957)	-	-
Title IV	84.186A	NCLB 024008	1,310	9/1/07	8/31/08	-	-	1,310	(1,310)	-	-	-	-	-
Title V	84.298A	NCLB 024008	675	9/1/07	8/31/08	-	-	675	(675)	-	-	-	-	-
Teacher Quality Mentoring	N/A	N/A	1,985	9/1/07	8/31/08	-	-	1,985	-	-	-	-	-	-
Teacher Quality Mentoring	N/A	N/A	960	9/1/04	8/31/05	960	-	-	-	-	-	-	1,985	-
												960	-	-
Special Education Cluster														
I.D.E.A. Part B, Basic	84.027A	FT 024008	190,708	9/1/07	8/31/08	-	-	190,708	(189,295)	-	-	-	1,413	-
I.D.E.A. Part B, Basic	84.027A	FT 024006	159,575	9/1/05	8/31/06	112	-	-	-	-	-	-	-	-
I.D.E.A. Part B, Basic	84.027A	FT 024005	152,147	9/1/04	8/31/05	7,362	-	-	-	-	-	-	-	112
I.D.E.A. Part B, Preschool	84.173A	FT 024008	7,195	9/1/07	8/31/08	-	-	7,195	(7,195)	-	-	-	-	7,362
I.D.E.A. Part B, Preschool	84.173A	FT 024005	4,616	9/1/04	8/31/05	1,753	-	-	-	-	-	-	-	-
Total Special Education Cluster						9,227	-	197,903	(196,490)	-	-	-	1,413	1,753
Total U.S. Department of Education						10,480	-	230,857	(231,416)	-	-	(3,957)	4,358	9,520
Total Federal Awards						\$ 11,103	\$ -	\$ 260,941	\$ (261,906)	\$ -	\$ -	\$ (5,433)	\$ 6,051	\$ 9,520

N/A - Not Available

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

## TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT

SCHEDULE B

Schedule of Expenditures of State Awards  
For the Fiscal Year Ended June 30, 2008

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2007		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2008			MEMO	
			From	To	Deferred Revenue (Accts. Receivable)	Due to Grantor					GAAP (Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
New Jersey Department of Education:															
General Fund:															
Transportation Aid	07-495-034-5120-014	\$ 152,303	7/1/06	6/30/07	\$ (6,318)	\$ -	\$ -	\$ 6,318	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Education Aid	07-495-034-5120-011	665,365	7/1/06	6/30/07	(33,268)	-	-	33,268	-	-	-	-	-	-	-
Bilingual Education	07-495-034-5120-008	39,568	7/1/06	6/30/07	(1,978)	-	-	1,978	-	-	-	-	-	-	-
Consolidated Aid	07-495-034-5120-057	45,819	7/1/06	6/30/07	(2,291)	-	-	2,291	-	-	-	-	-	-	-
Additional Formula Aid	07-495-034-5120-058	27,092	7/1/06	6/30/07	(1,438)	-	-	1,438	-	-	-	-	-	-	-
Extraordinary Aid	07-100-034-5120-473	17,279	7/1/06	6/30/07	(17,279)	-	-	-	-	-	-	-	-	-	-
Non-Public Transportation Aid	07-495-034-5120-014	12,004	7/1/06	6/30/07	-	-	-	12,004	(12,004)	-	-	-	-	-	-
Reimbursed TPAF Social Security Contribution	07-495-034-5095-002	326,393	7/1/06	6/30/07	(17,068)	-	-	17,068	-	-	-	-	-	-	12,004
Transportation Aid	08-495-034-5120-014	152,303	7/1/07	6/30/08	-	-	-	145,985	(152,303)	-	-	-	-	-	-
Special Education Aid	08-495-034-5120-011	665,365	7/1/07	6/30/08	-	-	-	632,097	(665,365)	-	-	-	-	(6,318)	152,303
Bilingual Education	08-495-034-5120-008	39,568	7/1/07	6/30/08	-	-	-	37,590	(38,568)	-	-	-	-	(33,268)	665,365
Consolidated Aid	08-495-034-5120-057	45,819	7/1/07	6/30/08	-	-	-	43,628	(45,819)	-	-	-	-	(1,978)	39,568
Additional Formula Aid	08-495-034-5120-058	54,998	7/1/07	6/30/08	-	-	-	52,987	(54,996)	-	-	-	-	(2,291)	45,819
Extraordinary Aid	08-100-034-5120-473	16,696	7/1/07	6/30/08	-	-	-	-	(16,696)	-	-	-	-	(2,009)	54,998
Teacher Quality Mentoring Aid	08-495-034-5120-052	1,364	7/1/07	6/30/08	-	-	-	1,364	-	(16,696)	(16,696)	-	-	(16,696)	16,696
Non-Public Transportation Aid	08-495-034-5120-014	13,717	7/1/07	6/30/08	-	-	-	-	(13,717)	-	-	-	-	(13,717)	13,717
Reimbursed TPAF Social Security Contribution	08-495-034-5095-002	314,168	7/1/07	6/30/08	-	-	-	296,993	(314,168)	-	-	-	-	(17,175)	314,168
Total General Fund State Aid					(79,840)	-	-	1,302,188	(1,316,000)	-	(47,588)	-	-	(63,452)	1,316,000
Special Revenue Funds:															
Distance Learning Network Aid	02-100-034-5120-348	36,701	7/1/01	6/30/02	1,556	-	-	-	-	-	-	-	-	-	-
New Jersey Nonpublic Aid:															
Textbook Aid	06-100-034-5120-064	12,575	7/1/07	6/30/08	-	-	-	12,575	(10,719)	-	-	1,558	-	-	-
Handicapped Services:															
Examination and Classification	06-100-034-5120-066	9,663	7/1/07	6/30/08	-	-	-	9,663	(8,669)	-	-	-	1,856	-	10,719
Corrective Speech	08-100-034-5120-056	930	7/1/07	6/30/08	-	-	-	930	-	-	-	-	794	-	8,669
Supplementary Instruction	06-100-034-5120-066	826	7/1/07	6/30/08	-	-	-	826	-	-	-	-	826	-	-
Supplementary Instruction	04-100-034-5120-066	766	7/1/06	6/30/07	431	-	-	-	-	-	-	-	431	-	-
Nursing Services	08-100-034-5120-070	17,370	7/1/07	6/30/08	-	-	-	17,370	(17,370)	-	-	-	-	-	-
Technology Initiative	08-100-034-5120-373	9,000	7/1/07	6/30/08	-	-	-	9,000	(8,601)	-	-	-	-	-	17,370
The Governor's Initiative on Autism	07-FB01-H03	300,000	4/1/07	6/30/08	18,537	-	-	213,485	(300,000)	-	-	400	-	-	8,601
Quality Mentoring	06-100-034-5120-053	3,773	7/1/05	6/30/06	3,773	-	-	-	-	(67,979)	-	3,773	-	-	300,000
Total Special Revenue Funds					24,296	-	-	263,849	(345,559)	-	(67,979)	3,773	8,791	(67,979)	345,559
State Department of Agriculture															
Enterprise Funds:															
State School Lunch Program	08-100-010-3350-023	2,036	7/1/07	6/30/08	-	-	-	1,883	(2,036)	-	(153)	-	-	(153)	2,036
State School Lunch Program	07-100-010-3350-023	2,120	7/1/06	6/30/07	(137)	-	-	137	-	-	-	-	-	-	-
Total Enterprise Fund					(137)	-	-	2,019	(2,036)	-	(153)	-	-	(153)	2,036
Total State Awards					\$ (55,480)	\$ -	\$ -	\$ 1,568,056	\$ (1,663,595)	\$ -	\$ (115,720)	\$ 3,773	\$ 8,791	\$ (161,584)	\$ 1,663,595

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

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal and state awards are presented using the budgetary basis of accounting. These bases of accounting are described in Note 1 to the Board's 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 the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$571) for the general fund, and \$-0- for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Pension and Post Retirement Contributions revenue of \$352,492 and \$264,842, respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,932,763	\$ 1,932,763
Special Revenue Fund	\$ 231,416	345,559	576,975
Food Service Fund	30,348	2,036	32,384
Total Financial Assistance	<u>\$ 261,764</u>	<u>\$ 2,280,358</u>	<u>\$ 2,542,122</u>

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2008. Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major state programs.
- An unqualified report was issued on the District's compliance for major state programs.
- The audit did not disclose any audit findings which are required to be reported under Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.
- The District was not subject to the single audit provisions of Federal OMB Circular A-133 for the fiscal year end June 30, 2008 as federal grant expenditures were less than the single audit threshold of \$500,000 identified in the Circular..
- The District's major state programs for the current fiscal year consisted of the following:

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>State:</u>				
General Fund State Aid:				
Transportation Aid	08-495-034-5120-014	7/1/07-6/30/08	\$ 152,303	\$ 152,303
Special Education Aid	08-495-034-5120-011	7/1/07-6/30/08	665,365	665,365
Bilingual Education Aid	08-495-034-5120-008	7/1/07-6/30/08	39,568	39,568
Consolidated Aid	08-495-034-5120-057	7/1/07-6/30/08	45,819	45,819
Additional Formula Aid	08-495-034-5120-058	7/1/07-6/30/08	54,996	54,996
Governor's Initiative on				
Autism	07-FB01-H03	4/1/07-6/30/08	300,000	300,000

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

TOWNSHIP OF BEDMINSTER SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

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