

BASS RIVER TOWNSHIP SCHOOL DISTRICT

New Gretna, New Jersey
County of Burlington

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

BASS RIVER TOWNSHIP SCHOOL DISTRICT

NEW GRETNA, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Prepared by

**Bass River Township School District
Business Administrator's Office**

OUTLINE OF CAFR - GASB #34

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INTRODUCTORY SECTION

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Business Office:
520 Nugentown Road
P.O. Box 248
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Mr. LARRY MATHIS
Superintendent

Mr. STEPHEN J. BRENNAN, M.B.A., C.P.A.
*Business Administrator/
Board Secretary*

December 1, 2014

Honorable President and
Members of the Board of Education of the
Bass River School District

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Bass River School District for the fiscal year ended June 30, 2014 is hereby submitted. Responsibility for both the accuracy of the data, the completeness and fairness of the presentation, including all disclosures, rests with the Superintendent and Business Administrator of the district. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the district. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The introductory section includes this transmittal letter, the district's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report hereon. The statistical section includes selected financial and demographic information generally presented on a two or three year basis. The district is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the US Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and the State Treasury Circular Letter 98-07 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, is the single audit section of this report.

The Bass River School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the district are included in this report. The Bass River 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 6. This includes regular as well as special education for handicapped students. The Bass River School District was monitored by the Department of Education during the 2013-2014 school year and determined to have met or exceeded all criteria stated in the evaluation. The district completed the 2013-2014 fiscal year with an average enrollment of 113.0 students, which is a decrease of 13.0 students from the previous year's enrollment of 126.0. The following details the changes in the student average daily enrollment of the district over the last seven years:

AVERAGE DAILY ENROLLMENT (TEN-YEAR HISTORY)

FISCAL YEAR	ENROLLMENT
2004-05	128.5
2005-06	134.9
2006-07	129.0
2007-08	127.0
2008-09	107.0
2009-10	127.7
2010-11	120.3
2011-12	123.5
2012-13	126.0
2013-14	113.0

Management of the district is responsible for established and maintaining an internal control structure designed to insure that the assets of the district are protected from loss, theft, or misuse, and to insure that the adequate accounting data is compiled to allow for the preparation of financial statements in conformity with General Accepted Accounting Principles (GAAP).

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 insure compliance with applicable laws and regulations related to those programs.

As part of the district's single audit, 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.

In addition to internal accounting controls, the district maintains budgetary controls. The object of these budgetary controls is to insure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality.

Annual appropriated budgets are adopted for the General Fund, the Special Revenue Fund and the Debt Service Fund. Project-length budgets are approved for Capital Improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance on June 30, 2014.

As demonstrated by the various statements and schedules included in the financial section of this report, the district continues to meet its responsibility for sound financial management. The following schedule represents a summary of the general fund and debt service fund revenues for the 2012-2013 and 2013-2014 school years:

FISCAL YEAR	SCHOOL BUDGET	GENERAL FUND	DEBT SERVICE	TOTAL TAX LEVY
2013-2014	\$2,300,931	\$2,226,831	\$-0-	\$1,263,753
2012-2013	\$2,515,454	\$2,416,779	\$-0-	\$1,238,974

The Board carries insurance, including but not limited to, General Liability, Professional Liability, Property, Commercial Automobile, Worker's Compensation, Worker's Compensation Supplement, Inland Marine, Umbrella Excess, Commercial Crime Policy, General Liability PTO, and a Fidelity Bond for the Treasurer of School Moneys.

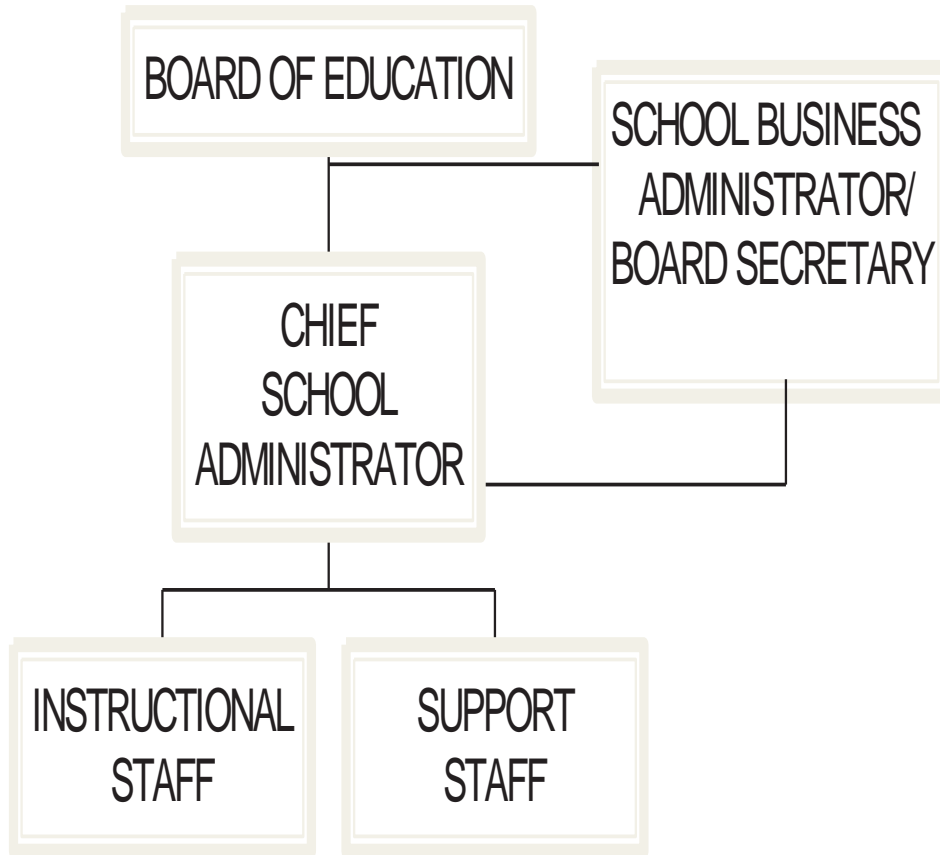
We would like to express our appreciation to the members of the Bass River Elementary School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without their support.

Respectfully submitted,



Lawrence Mathis
Superintendent

BASS RIVER SCHOOL DISTRICT ORGANIZATIONAL CHART



BASS RIVER TOWNSHIP SCHOOL DISTRICT
11 North Maple Avenue
New Gretna, New Jersey 08224

ROSTER OF OFFICIALS

JUNE 30, 2014

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Ms. Jacqueline Heinrichs, President	2015
Mr. George Nutt, Vice President	2015
Ms. Heather Duym	2014
Ms. Cynthia Halde	2016
Ms. Cindy Ruffo	2016

OTHER OFFICIALS

Dr. Larry Mathis, Superintendent of Schools

Mr. Stephen J. Brennan, MBA, CPA, Business Administrator/Board Secretary

Ms. Kimberly Sprague, CPA, Treasurer of School Monies

BASS RIVER TOWNSHIP SCHOOL DISTRICT
11 North Maple Avenue
New Gretna, New Jersey 08224

CONSULTANTS AND ADVISORS

ATTORNEY

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

AUDIT FIRM

Rodney R. Haines, CPA, PSA
Holman Frenia Allison, P.C.
10 Allen Street, Suite 2B
Toms River, New Jersey 08753

OFFICIAL DEPOSITORY

Ocean First Bank
975 Hooper Avenue
Toms River, New Jersey 08753

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FINANCIAL SECTION

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HOLMAN | FRENIA
ALLISON, P.C.
Certified Public Accountants & Consultants

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INDEPENDENT AUDITORS' REPORT

Honorable President and Members
of the Board of Education
Bass River Township
County of Burlington
New Gretna, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Board of Education of the Bass River Township School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the

appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Board of Education of the Bass River Township School District, County of Burlington, State of New Jersey, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bass River Township Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, comparative totals for June 30, 2013, long-term debt schedules and statistical information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements, long-term debt schedules and the accompanying schedule of expenditures of state financial assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling

such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, long-term debt schedules and the accompanying schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section, comparative totals for June 30, 2013, and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2014 on our consideration of the Board of Education of the Bass River Township 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Board of Education of the Bass River Township School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read 'R. Haines', with a stylized flourish at the end.

Rodney R. Haines
Public School Accountant
Certified Public Accountant
No. 2198

Toms River, New Jersey
December 1, 2014

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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BASS RIVER TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

UNAUDITED

The discussion and analysis of Bass River Township School District's financial performance provides an overall review of the School District's financial activities for the year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 - Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued in June 1999.

Financial Highlights

Key financial highlights for 2014 are as follows:

- The State of New Jersey provided a slight decrease in anticipated state aid by \$8,706.
- General revenues accounted for \$2,150,031 in revenue or 87% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$298,517 or 13% of total revenues of \$2,448,548.
- Cash and cash equivalents increased by \$33,658 and receivables decreased by \$129,526. Capital assets, net of depreciation, decreased by \$52,853. Depreciation, the delay of state aid payments and the decrease in available grant funds caused most of the fluctuation in the aforementioned accounts.
- The School District had \$2,633,955 in expenses and charges; only \$298,517 of these expenses was offset by program specific charges for services, grants or contributions. General revenues of \$2,150,031 and the utilization fund balance provided for these programs.
- Among governmental funds, the General Fund had \$2,342,295 in revenues and \$2,543,484 in expenditures. The General Fund's fund balance decreased \$121,189 over 2013. The Board of Education anticipates a decrease of \$65,689 in fund balance for the fiscal year ended June 30, 2015.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Bass River Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School district, presenting both an aggregate view of the School district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School district's most significant funds

with all other non-major funds presented in total in one column. In the case of Bass River Township School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and ask the question, "How did we do financially during 2014?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

Governmental Funds

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

Reporting the School District's Most Significant Funds (Continued)

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

Notes to the Financial Statements

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

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of a government's financial position.

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

Table 1 provides a summary of the School District's net position for 2014 and 2013.

	<u>2014</u>		<u>2013</u>
Assets			
Current and Other Assets	\$ 216,114	\$	311,982
Capital Assets	<u>538,261</u>		<u>591,114</u>
Total Assets	<u>754,375</u>		<u>903,096</u>
Liabilities			
Long-Term Liabilities	171,530		177,854
Other Liabilities	<u>115,166</u>		<u>72,156</u>
Total Liabilities	<u>286,696</u>		<u>250,010</u>
Net Position			
Invested in Capital Assets, Net of Debt	374,984		444,108
Restricted	25,689		99,039
Unrestricted	<u>67,006</u>		<u>109,939</u>
Total Net Position	<u>\$ 467,679</u>	\$	<u>653,086</u>

The District's combined net position was \$467,679 on June 30, 2014. This was a decrease of 28% from the prior year. Depreciation expense and a reduction in the current assets accounted for much of the decrease.

Table 2 shows changes in net position for year 2014. The District has prepared financial statements following GASB Statement 34, with revenue and expense comparisons to year 2013.

The School District as a Whole (Continued)

Table 2

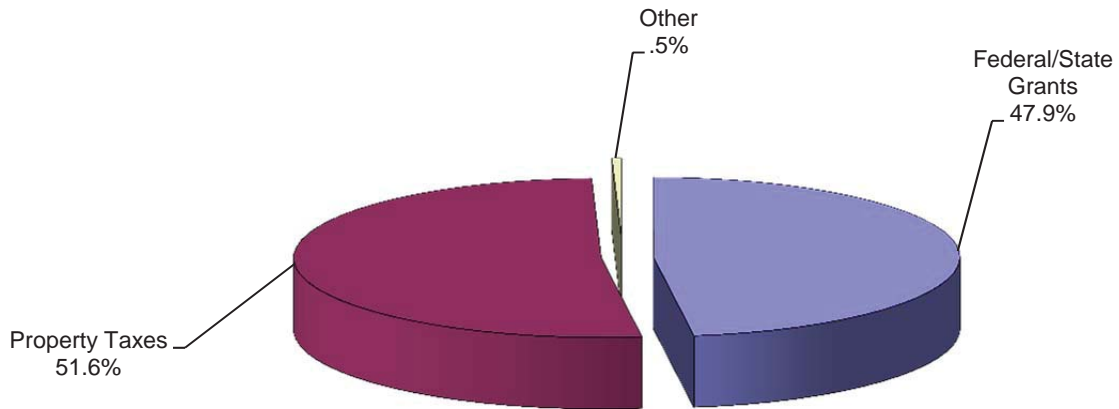
Changes in Net Position

	<u>2014</u>	<u>2013</u>
Revenues		
Program Revenues:		
Operating Grants and Contributions	\$ 298,517	\$ 307,779
General Revenues:		
Property Taxes	1,263,753	1,238,974
Grants and Entitlements	874,003	866,661
Other	12,275	8,830
Total Revenues	<u>2,448,548</u>	<u>2,422,244</u>
Program Expenses		
Instruction	1,216,566	1,097,925
Support Services:		
Tuition	-	37,514
Pupils and Instructional Staff	327,533	328,677
General Administration, School Administration	197,385	201,882
Business Operations and Maintenance of Facilities	140,430	162,618
Pupil Transportation	105,620	88,854
Employee Benefits	586,756	590,090
Depreciation	59,665	243,888
Total Expenses	<u>2,633,955</u>	<u>2,751,448</u>
Decrease in Net Position	<u>\$ (185,407)</u>	<u>\$ (329,204)</u>

Governmental Activities

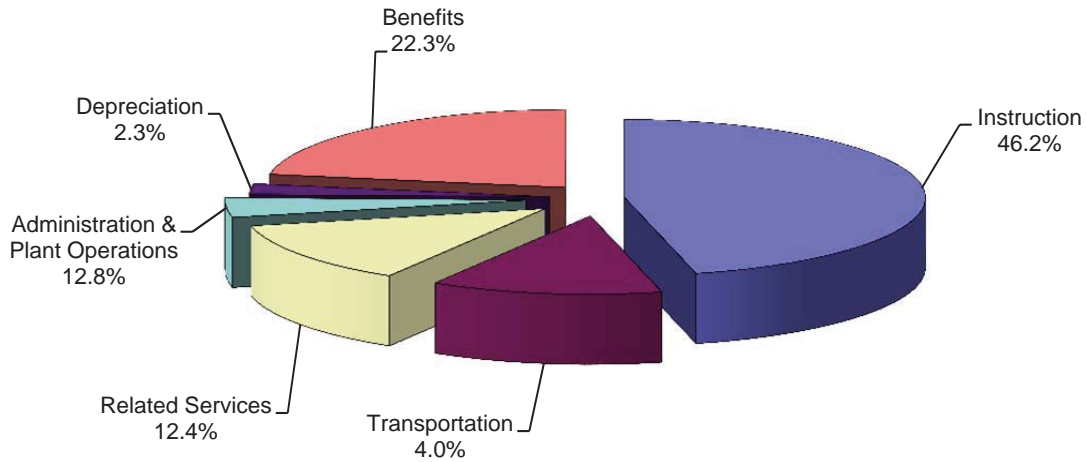
Current state regulation prohibit tax levy increases exceed 2%. Property taxes made up 51% of revenues for governmental activities for the Bass River Township School District for year 2014. The District's total revenues were \$2,448,548 for the year ended June 30, 2014. Federal, state, and local grants accounted for another 48% of revenue.

Sources of Revenue for Fiscal Year 2014



The total cost of all governmental activities was \$2,633,955. Instructional expenses (net benefits and tuition) comprise 40% percent of District expenses.

Expenses for 2014



Business-Type Activities

The District did not operate business-type activities (food service program) for the fiscal year ended June 30, 2014. The District operates its food service program through an inter-local agreement with Pinelands Regional School District.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions with comparisons to 2013.

Table 3

	<u>Total Cost of Services 2014</u>		<u>Net Cost of Services 2014</u>		<u>Total Cost of Services 2013</u>		<u>Net Cost of Services 2013</u>
Instruction	\$ 1,216,566	\$	1,127,338	\$	1,097,925	\$	1,020,320
Support Services:							
Tuition	-		-		37,514		37,514
Pupils and Instructional Staff	327,533		310,508		328,677		307,607
General & School Admin.	197,385		197,385		201,882		201,882
Business Operation and Maintenance of Facilities	140,430		140,430		162,618		162,618
Pupil Transportation	105,620		105,620		88,854		88,854
Depreciation	59,665		59,665		243,888		243,888
Unallocated Benefits	586,756		394,492		590,090		380,986
Total Expenses	<u>\$ 2,633,955</u>	\$	<u>2,335,438</u>	\$	<u>2,751,448</u>	\$	<u>2,443,669</u>

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

Tuition is predominately made up of charges for private schools for disabled students.

Student and instruction related services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

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

Benefits represent total cost to maintain employee benefit programs.

Depreciation depicts a non cash expense that reduces the value of District assets.

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

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

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

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital fund, and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$2,448,548 and expenditures were \$2,649,737.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the year ended June 30, 2014 and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenue	Amount	Percent of Total	Increase (Decrease) from 2013	Percent of Increase (Decrease)
Local Sources	\$ 1,276,028	52.11%	\$ 28,224	2.26%
State Sources	1,074,666	43.89%	(8,706)	-0.80%
Federal Sources	97,854	4.00%	6,786	7.45%
Total	<u>\$ 2,448,548</u>	100.00%	<u>\$ 26,304</u>	1.09%

Local revenues increased by \$28,224. This increase was predominantly due to an increase in tax revenue. Federal resources increased mainly due to additional Title I funding.

The following schedule represents a summary of general fund and special revenue fund expenditures for the year ended June 30, 2014, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2013	Percent of Increase (Decrease)
Current expense:				
Instruction	\$ 1,136,566	42.89%	\$ 118,641	11.66%
Undistributed expenditures	1,426,359	53.83%	(14,276)	-0.99%
Capital Outlay	86,812	3.28%	(224,188)	-72.09%
Total	<u>\$ 2,649,737</u>	100.00%	<u>\$ (119,823)</u>	-4.33%

Changes in expenditures were the results of varying factors. Current expense increased mainly due to increases in instructional costs.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. Over the course of the year, the District revised the annual operating budget. Revisions in the budget were made to prevent over-expenditures in specific line item accounts.

There were significant savings in the budget in the areas of special education tuition, transportation and salaries. These savings are due to new special education initiatives, cooperative transportation purchasing and employee attrition.

2014 also reflects the District's continuing initiative to seek cost savings & revenue generation in the areas of inter local agreements and banking service consortiums.

Capital Assets

At the end of the year 2014, the School District had \$1,684,142 invested in land, building, furniture and equipment, and vehicles. Table 4 shows year 2014 balances compared to 2013.

Table 4
Capital Assets at June 30, 2014

	<u>2014</u>	<u>2013</u>
Site Improvements	35,703	40,238
Building and Building Improvements	462,337	488,756
Machinery and Equipment	40,221	62,120
Total	<u>\$ 538,261</u>	<u>\$ 591,114</u>

Overall capital assets decreased \$52,853 from year 2013 to year 2014. The decrease in capital assets is due primarily to depreciation expense for the year ended June 30, 2014. For more detailed information, please refer to the Notes to the Financial Statements.

Debt Administration

At June 30, 2014, the School District posted \$163,277 in outstanding debt attributable to capital leases.

At June 30, 2014, the School District's was within its legal debt margin. For more detailed information, please refer to Schedule J-13.

For the Future

The Bass River Township School District is presently in stable financial condition. The School District is proud of its community support of the public schools.

Bass River Township School District's budget for the 2014-2015 school year reflects prudent expenditure reduction in cooperation with its municipality.

The District's enrollment has leveled off, and now the District is concentrating its resources in the academic areas to meet the requirements of the Common Core, NCLB and the State mandated QSAC program. The District also plans to continue to budget resources to maintain and upgrade the existing infrastructure where possible.

The lack of governmental aid, the State's constraints on municipal tax levies to support the budget and the States increasing demands on school districts continue to place financial pressure on the District.

The Bass River Township School District maintains its commitment to financial excellence and will continue to strive to maximize the use of limited funds by careful budget management and identifying cost savings opportunities. The School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future.

Contacting the School District's Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Stephen Brennan, Business Administration/Board Secretary at Bass River Township Board of Education, 520 Nugentown Road, P.O. Box 248, Little Egg Harbor, NJ 08087-0248. Please visit our website at www.bassriverschools.org.

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BASIC FINANCIAL STATEMENTS

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A. District-Wide Financial Statements

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BASS RIVER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014
(With Comparative Totals for June 30, 2013)

ASSETS	GOVERNMENTAL ACTIVITIES	TOTALS	
		JUNE 30, 2014	(MEMORANDUM ONLY) JUNE 30, 2013
Cash & Cash Equivalents	\$ 200,611	\$ 200,611	\$ 142,953
Receivables, Net	5,503	5,503	135,029
Restricted Assets:			
Cash & Cash Equivalents	10,000	10,000	34,000
Capital Assets, Net (See Note #5)	538,261	538,261	591,114
Total Assets	754,375	754,375	903,096
LIABILITIES			
Accounts Payable	40,309	40,309	12,522
Payable to Federal & State Government	10,165	10,165	12,631
Noncurrent Liabilities (See Note #6):			
Due Within One Year	64,692	64,692	47,003
Due Beyond One Year	171,530	171,530	177,854
Total Liabilities	286,696	286,696	250,010
NET POSITION			
Invested in Capital Assets, Net of Related Debt	374,984	374,984	444,108
Restricted For:			
Other Purposes	25,689	25,689	99,039
Unrestricted	67,006	67,006	109,939
Total Net Position	\$ 467,679	\$ 467,679	\$ 653,086

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

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Totals for June 30, 2013)**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	TOTALS		
					JUNE 30, 2014	JUNE 30, 2013	(MEMORANDUM ONLY) JUNE 30, 2013
Governmental Activities:							
Instruction:							
Regular Instruction	\$ 856,818	\$ -	-	\$ (856,818)	\$ (856,818)	\$ (823,205)	
Special Education Instruction	274,427	-	89,228	(185,199)	(185,199)	(158,198)	
Other Special Instruction	64,917	-	-	(64,917)	(64,917)	(18,635)	
Other Instruction	20,404	-	-	(20,404)	(20,404)	(20,282)	
Support Services & Undistributed Costs:							
Tuition Charges	-	-	-	-	-	(37,514)	
Student & Instruction Related Services	327,533	-	17,025	(310,508)	(310,508)	(307,607)	
School Administrative Services	63,377	-	-	(63,377)	(63,377)	(62,995)	
General Administrative Services	134,008	-	-	(134,008)	(134,008)	(138,887)	
Plant Operations & Maintenance	140,430	-	-	(140,430)	(140,430)	(162,618)	
Pupil Transportation	105,620	-	-	(105,620)	(105,620)	(88,854)	
Unallocated Employee Benefits	586,756	-	192,264	(394,492)	(394,492)	(380,986)	
Unallocated Adjustment to Fixed Assets	-	-	-	-	-	(187,290)	
Unallocated Depreciation	59,665	-	-	(59,665)	(59,665)	(56,598)	
Total Governmental Activities	2,633,955	-	298,517	(2,335,438)	(2,335,438)	(2,443,669)	

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Totals for June 30, 2013)**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	TOTALS
Total Primary Government	\$ 2,633,955	\$ -	\$ 298,517	(2,335,438) (2,335,438) (2,443,669)
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes, Net				1,263,753 1,263,753 1,238,974
Federal & State Aid Not Restricted				874,003 874,003 866,661
Investment Earnings				463 463 -
Miscellaneous Income				11,812 11,812 8,830
Total General Revenues, Special Items, Extraordinary Items & Transfers				2,150,031 2,150,031 2,114,465
Change In Net Position				(185,407) (185,407) (329,204)
Net Position - Beginning (Unadjusted)				653,086 653,086 1,095,306
Prior Period Adjustment				- - (113,016)
Net Position - Beginning (Adjusted)				653,086 653,086 982,290
Net Position - Ending				\$ 467,679 \$ 467,679 \$ 653,086

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B. Fund Financial Statements

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Governmental Funds

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**BASS RIVER TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014
(With Comparative Totals for June 30, 2013)**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	TOTALS	
			JUNE 30, 2014	(MEMORANDUM ONLY) JUNE 30, 2013
Cash & Cash Equivalents	\$ 199,979	\$ 632	\$ 200,611	\$ 142,953
Tax Levy Receivable	-	-	-	103,248
Intergovernmental Receivable:				
State	-	-	-	3,845
Federal	-	-	-	1,371
Other	-	2,215	2,215	-
Interfunds Receivable	3,288	-	3,288	26,565
Restricted Cash & Cash Equivalents	10,000	-	10,000	34,000
Total Assets	\$ 213,267	\$ 2,847	\$ 216,114	\$ 311,982
LIABILITIES & FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 37,462	\$ 2,847	\$ 40,309	\$ 12,522
Payable to State & Federal Government	10,165	-	10,165	12,631
Total Liabilities	47,627	2,847	50,474	25,153
Fund Balances:				
Restricted for:				
Capital Reserve	10,000	-	10,000	10,000
Emergency Reserve	-	-	-	24,000
Excess Surplus	-	-	-	15,689
Excess Surplus Designated for Subsequent Year's Expenditures	15,689	-	15,689	49,350
Assigned Fund Balance:				
Designated for Subsequent Year's Expenditures	50,000	-	50,000	6,359
Other Purposes	1,040	-	1,040	14,911
Unassigned Fund Balance	88,911	-	88,911	166,520
Total Fund Balances	165,640	-	165,640	286,829
Total Liabilities & Fund Balances	\$ 213,267	\$ 2,847		

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$1,684,142 and the accumulated depreciation is \$1,145,881.

538,261 591,114

Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note #6)

(236,222) (224,857)

Net position of Governmental Activities

\$ 467,679 \$ 653,086

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Totals for June 30, 2013)**

	GENERAL FUND	SPECIAL REVENUE FUND	TOTALS	
			JUNE 30, 2014	(MEMORANDUM ONLY) JUNE 30, 2013
Revenues:				
Local Sources:				
Local Tax Levy	\$ 1,263,753	\$ -	\$ 1,263,753	\$ 1,238,974
Interest Earned	463	-	463	-
Miscellaneous	3,413	8,399	11,812	8,830
Total Local Sources	1,267,629	8,399	1,276,028	1,247,804
State Sources	1,074,666	-	1,074,666	1,083,372
Federal Sources	-	97,854	97,854	91,068
Total Revenues	2,342,295	106,253	2,448,548	2,422,244
Expenditures:				
Current Expense:				
Regular Instruction	776,818	-	776,818	743,205
Special Education Instruction	185,199	89,228	274,427	235,803
Other Special Instruction	64,917	-	64,917	18,635
Other Instruction	20,404	-	20,404	20,282
Support Services:				
Tuition	-	-	-	37,514
Student & Instruction Related Services	310,508	17,025	327,533	328,677
School Administrative Services	63,377	-	63,377	62,995
General Administrative	134,008	-	134,008	138,887
Plant Operations & Maintenance	204,159	-	204,159	208,628
Pupil Transportation	105,620	-	105,620	88,854
Employee Benefits	591,662	-	591,662	575,080
Capital Outlay	86,812	-	86,812	311,000
Total Expenditures	2,543,484	106,253	2,649,737	2,769,560
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	(201,189)	-	(201,189)	(347,316)
Other Financing Sources/(Uses):				
Capital Leases Proceeds	80,000	-	80,000	80,000
Total Other Financing Sources/(Uses)	80,000	-	80,000	80,000
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses	(121,189)	-	(121,189)	(267,316)
Fund Balances, July 1	286,829	-	286,829	554,145
Fund Balances June 30	\$ 165,640	\$ -	\$ 165,640	\$ 286,829

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

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ (121,189)

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

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

Depreciation Expense	(59,665)	
Capital Outlays	<u>6,812</u>	(52,853)

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position:

Capital Lease Proceeds		(80,000)
------------------------	--	----------

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		63,729
--	--	--------

Repayment of compensated absences is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

Prior Year	77,851	
Current Year	<u>(72,945)</u>	4,906

Change in Net Position of Governmental Activities \$ (185,407)

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Proprietary Fund

Not Applicable

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Fiduciary Fund

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**BASS RIVER TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014
(With Comparative Totals for June 30, 2013)**

	PRIVATE PURPOSE		AGENCY		TOTALS	
	UNEMPLOYMENT TRUST	STUDENT ACTIVITY	PAYROLL	JUNE 30, 2014	(MEMORANDUM ONLY) JUNE 30, 2013	
ASSETS						
Cash & Cash Equivalents	\$ 26,402	\$ 9,684	\$ 3,288	\$ 39,374	\$	66,122
Total Assets	26,402	9,684	3,288	39,374		66,122
LIABILITIES						
Interfund Payable Payable to Student Groups	-	-	3,288	3,288		26,565
Payroll Deductions & Withholdings	-	9,684	-	9,684		12,227
	99	-	-	99		589
Total Liabilities	99	9,684	3,288	13,071		39,381
NET POSITION						
Held in Trust for Unemployment & Other Purposes	26,303	-	-	26,303		26,741
Total Net Position	\$ 26,303	\$ -	\$ -	\$ 26,303	\$	26,741

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

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Totals for June 30, 2013)**

ADDITIONS	PRIVATE PURPOSE	TOTALS	
	UNEMPLOYMENT FUND	JUNE 30, 2014	(MEMORANDUM ONLY) JUNE 30, 2013
Contributions:			
Plan Member	\$ -	\$ -	\$ 2,529
Total Contributions	-	-	2,529
Investment Earnings:			
Interest	39	39	51
Net Investment Earnings	39	39	51
Total Additions	39	39	2,580
DEDUCTIONS			
Claims Paid	477	477	6,449
Total Deductions	477	477	6,449
Change in Net Position	(438)	(438)	(3,869)
Net Position - Beginning of the Year	26,741	26,741	30,610
Net Position - End of the Year	\$ 26,303	\$ 26,303	\$ 26,741

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

BASS RIVER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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BASS RIVER TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2014

The accompanying financial statements of the Bass River Township School District have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Bass River Township School District is a Type II district located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members appointed to three-year terms. These terms are staggered so that three members' terms expire each year. The District provides a full range of educational services appropriate to grade levels PK through 6. These include regular, as well as special education for handicapped youngsters. The Bass River Township School District has an approximate enrollment at June 30, 2014 of 113 students.

B. Component Units

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

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

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

C. District-Wide and Fund Financial Statements

The district-wide financial statements (the statement of net position and the statement of activities) report information of all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these district-wide statements. District activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2014**

Note 1. Summary of Significant Accounting Policies (continued)

C. District-Wide and Fund Financial Statements (continued)

Net position is restricted when constraints placed on it is either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the district-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

District-Wide Financial Statements – The governmental fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements – The Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Principal revenue sources considered susceptible to accrual include federal and state grants, tuition and transportation. Other revenues are considered to be measurable and available only when cash is received by the state.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

E. Fund Accounting

The accounts of the Bass River Township School District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The various funds and accounts are grouped, in the financial statements in this report, into eight fund types within three broad fund categories and two account groups as follows:

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2014**

Note 1. Summary of Significant Accounting Policies (continued)

E. Fund Accounting (continued)

Governmental Funds

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

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

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

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

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 District had no activity in the Capital Projects Fund for the year ending June 30, 2014.

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. The District had no activity in the Debt Service Fund for the year ending June 30, 2014.

Fiduciary Fund

Fiduciary funds are used to account for assets held by a governmental entity for other parties (either as trustee or as an agent) and that cannot be used to finance the governmental entity's own operating programs which includes private purpose trust funds and agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. The following is a description of the fiduciary funds of the District:

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2014**

Note 1. Summary of Significant Accounting Policies (continued)

E. Fund Accounting (continued)

Private Purpose Trust Funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The District currently maintains an Unemployment Trust Fund as a private purpose trust.

Agency Funds are assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity's own operating programs. The District currently maintains Payroll and Student Activity funds as Agency Funds.

In accordance with GASB Statement 34, fiduciary funds are not included in the district-wide financial statements.

F. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and private purpose trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, private purpose trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

The accrual basis of accounting is used for measuring financial position and operating results of private purpose trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

G. 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 or around the third Tuesday in April. Effective January 17, 2012, P.L.2011 c.202 eliminated the annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. 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

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2014**

Note 1. Summary of Significant Accounting Policies (continued)

G. Budgets/Budgetary Control (continued)

detail as established pursuant to the minimum chart of accounts referenced in *N.J.A.C.6A:23-1.2*. All budget amendments must be approved by School Board resolution.

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

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

The budget, as detailed on Exhibit C-1, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – General, Special Revenues and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

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 Bass River Township School District has received advances are reflected in the balance sheet as either deferred revenues or as a reduction of the receivable 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.

BASS RIVER TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued)

JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

I. Cash & Cash Equivalents

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

New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. *N.J.S.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 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 public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

J. Tuition Receivable/Payable

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

These adjustments are recorded upon certification by the State Board of Education, which is normally three years following the contract year. The cumulative adjustments through June 30, 2014, which have not been recorded, are not determinable.

The tuition rate adjustments for the years 2011-2012 have been established and the District has billed/paid the school boards that have adjustments.

K. Inventories

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed.

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2014**

Note 1. Summary of Significant Accounting Policies (continued)

L. Prepaid Expenses

Prepaid expenses, which benefit future periods, other than those recorded in the enterprise funds, are recorded as expenditure during the year of purchase. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2014.

M. 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 Bass River Township School District and that are due within one year.

N. Capital Assets

General capital assets acquired or constructed during the year are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the District as assets, which have a cost in excess of \$2,000 at the date of acquisition and a useful life of one year or more. Donated capital assets are valued at their estimated fair market value on the date received. The general capital assets acquired or constructed were valued by an independent appraisal company. General capital assets, such as land and buildings, are valued at the historical cost basis and through estimated procedures performed by an independent appraisal company, respectively.

General capital assets are reflected as expenditures in the applicable governmental funds. Depreciation expense is recorded in the district-wide financial statements as well as the proprietary fund. Capital assets are depreciated on the straight-line method over the assets' estimated useful life. There is no depreciation recorded for land and construction in progress. Generally estimated useful lives are as follows:

Machinery and Equipment	5 – 20 Years
Building & Other Improvements	10 – 50 Years

O. Accrued Salaries and Wages:

District employees, who provide services to the District over the ten-month academic year and extended eleven-month calendar, do not have the option to have their salaries disbursed during the entire twelve-month year. Therefore, there is no accrual as of June 30, 2013 for such salaries.

P. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that is attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In the District-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

BASS RIVER TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

Q. Unearned Revenue

Unearned revenue in the general and special revenue funds represent cash, which has been received but not yet earned.

R. Long-Term Obligations

In district-wide financial statements, under governmental activities, long-term debt is recognized as a liability in the general fund as debt is incurred.

S. Fund Balance

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Bass River Township School District classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by external parties, constitutional provision or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Administrator.
- Unassigned – includes balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available, unless prohibited by law or regulation. Additionally, the District would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

T. Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in the following three components:

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2014**

Note 1. Summary of Significant Accounting Policies (continued)

U. Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This Statement is effective for periods beginning after December 15, 2012. Management has implemented this Statement in the District's financial statements for the year ended June 30, 2014. The adoption of GASB 65 does not have any impact on the District's financial statements.

In March 2012, the GASB issued Statement 66, *Technical Corrections—2012*—an amendment of GASB Statements No. 10 and No. 62. GASB 66 improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement is effective for periods beginning after December 15, 2012 although the District elected to early implement Statement 62 in fiscal year 2014. The adoption of GASB 66 does not have any impact on the District's financial statements.

Recently Issued Accounting Pronouncements

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement 27*. GASB 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

V. Subsequent Events

The District has evaluated subsequent events occurring after June 30, 2014 through December 1, 2014, which is the date the financial statements were available to be issued.

Note 2. Cash and Cash Equivalents:

The District is governed by the deposit and investment limitations of New Jersey state law. The deposits and investments held at June 30, 2014 and reported at fair value are as follows:

Type	Carrying Value
Deposits:	
Demand Deposits	<u>\$ 239,985</u>
Total Deposits	<u>\$ 239,985</u>

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2014**

Note 2. Cash and Cash Equivalents (continued)

Reconciliation of Statements of Net Position:

Governmental Activities	\$ 200,611
Fiduciary Funds	<u>39,374</u>
Total Cash and Cash Equivalents	<u>\$ 239,985</u>

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA.

However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity funds or funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2014, the District’s bank balance of \$273,106 was exposed to custodial credit risk as follows:

Insured	\$ 250,000
Collateralized in the District’s Name Under GUDPA	<u>23,106</u>
Total	<u>\$ 261,647</u>

Note 3. Reserve Accounts

A. Capital Reserve Account

A capital reserve account was established by the Bass River Township School District 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 appropriated additional amounts when the express approval of the voters has been obtained either by a separate proposal a budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2014**

Note 3. Reserve Accounts (continued)

A. Capital Reserve Account (continued)

The activity of the capital reserve for the July 1, 2013 to June 30, 2014 fiscal year is as follows:

Balance, June 30, 2013 and 2014	<u>\$ 10,000</u>
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B. Emergency Reserve Account

An emergency reserve account was established by the Bass River Township School District. The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The emergency reserve account is used to accumulate funds in accordance with *N.J.S.A. 18A:7F-41c(1)* to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1 percent of the general fund budget not to exceed \$1 million. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1 and June 30. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of 4 percent.

The activity of the emergency reserve for the July 1, 2013 to June 30, 2014 fiscal year is as follows:

Beginning Balance, July 1, 2013	\$ 24,000
Less:	
Budgeted Withdrawal	<u>(24,000)</u>
Ending Balance, June 30, 2014	<u>\$ -0-</u>

Note 4. Accounts Receivable

Accounts receivable at June 30, 2014 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	Special Revenue Fund	Total
Intergovernmental	<u>\$ 2,215</u>	<u>\$ 2,215</u>

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2014**

Note 5. Capital Assets

The following schedule is a summarization of capital assets for the fiscal year ended June 30, 2014:

	June 30, 2013	Additions	Adjustments	June 30, 2014
Buildings & Improvements	\$ 1,507,594	\$ -	\$ -	1,507,594
Machinery & Equipment	169,736	6,812	-	176,548
Subtotal	<u>1,677,330</u>	<u>6,812</u>	<u>-</u>	<u>1,684,142</u>
Accumulated Depreciation	<u>(1,086,216)</u>	<u>(59,665)</u>	<u>-</u>	<u>(1,145,881)</u>
Total	<u>\$ 591,114</u>	<u>\$ (52,853)</u>	<u>\$ -</u>	<u>\$ 538,261</u>

Note 6. Long-Term Obligations

During the fiscal year ended June 30, 2014 the following changes occurred in long-term obligations:

	Balance 06/30/13	Additions	Retired	Balance 06/30/14	Due Within One Year
Capital Leases Payable	\$ 147,006	\$ 80,000	\$ (63,729)	\$ 163,277	\$ 64,692
Compensated Absences	77,851	-	(4,906)	72,945	-
Total	<u>\$ 224,857</u>	<u>\$ 80,000</u>	<u>\$ (68,635)</u>	<u>\$ 236,222</u>	<u>\$ 64,692</u>

Compensated absences and capital lease obligations have been liquidated in the General Fund.

A. Capital Lease Obligations

The District is obligated under certain leases accounted for as capital leases. The leased assets and related obligations are accounted for in capital assets and long-term obligations, respectively. Assets under capital leases total \$320,000. The following is a schedule of future minimum lease payments under capital leases as of June 30, 2014:

Year-ending June 30,	
2015	\$ 70,152
2016	52,148
2017	34,293

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2014**

Note 6. Long-Term Obligations (continued)

A. Capital Lease Obligations (continued)

	2018	<u>16,904</u>
Total Minimum Lease Payments		173,497
Less: Amount Representing Interest		<u>(10,220)</u>
Present Value of Net Minimum Lease Payments		<u>\$163,277</u>

Note 7. Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at June 30, 2014:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 3,288	\$ -
Agency Fund	-	<u>3,288</u>
	<u>\$ 3,288</u>	<u>\$ 3,288</u>

The interfund balances represents loans between funds not returned at June 30, 2014 and are expected to be repaid within one year.

Note 8. Pension Plans

Plan Descriptions - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

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

BASS RIVER TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) JUNE 30, 2014

Note 8. Pension Plans (continued)

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

Vesting and Benefit Provisions - The vesting and benefit provisions of PERS are set by *N.J.S.A.43:15A* and *43.3B* and *N.J.S.A.18A:66* for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation – During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced.

Legislation signed by the Acting Governor (Chapter 133, Public Laws 2001) changed the formula for calculating retirement benefits for all current and future non-veteran retirees from N/60 to N/55 (a 9.09% increase). This legislation, signed June 29, 2001, provides that all members of the TPAF and the PERS will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments is based on the new original pension.

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2014**

Note 8. Pension Plans (continued)

Contribution Requirements – The contribution policy is set by *N.J.S.A.43:15A*, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and *N.J.S.A.18:66*, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employer contributions of 5.5% of employees’ annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost - of - living adjustments, noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a noncontributing employer of the TPAF.

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/14	\$ 22,000	100%	\$ -
06/30/13	19,340	100%	-
06/30/12	17,264	100%	-

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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/14	\$ 110,223	100%	\$ -
06/30/13	131,150	100%	-
06/30/12	81,315	100%	-

During the year ended June 30, 2014 the State of New Jersey contributed \$110,223 to the TPAF for pension and normal post-retirement medical benefits on behalf of the District. Also in accordance with *N.J.S.A.18A:66-66* the State of New Jersey reimbursed the District \$82,041 for the year ended June 30, 2014 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

Note 9. Post-Retirement Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers’ Pensions and Annuity Fund (TPAF) and the Public Employees’ Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State Employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2014**

Note 9. Post-Retirement Benefits (continued)

plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 100,134 retirees receiving post-retirement medical benefits, and the state contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides 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 \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2014.

The State will set the contribution rate based on the *annual required contribution of the employers* (ARC), an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State’s contributions to the State Health Benefits Program Fund for TPAF retirees’ post-employment benefits on behalf of the District for the years ended June 30, 2014, 2013, and 2012 were \$110,223, \$131,150, and \$81,315, respectively, which equaled the required contributions for each year. The State’s contributions to the State Health Benefits Program Fund for PERS retirees’ post-retirement benefits on-behalf of the District was not determined or made available by the State of New Jersey.

Note 10. Risk Management

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

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

New Jersey Unemployment Compensation Insurance – The District has elected to fund their 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 table below is a summary of the District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current and previous two years:

Fiscal Year	Interest Earned	Contributions	Amount Reimbursed	Ending Balance
2013-2014	\$ 39	\$ -	\$ 477	\$ 26,303
2012-2013	51	2,529	6,449	26,741
2011-2012	18	2,231	516	30,610

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2014**

Note 11. Fund Balance

General Fund – Of the \$165,640 General Fund fund balance at June 30, 2014, \$10,000 has been restricted for the capital reserve account; \$15,689 has been restricted for excess surplus designated for subsequent year’s expenditures; \$50,000 has been assigned to be designated for subsequent year expenditures; \$1,040 has been assigned for other purposes and \$88,911 is unassigned.

Note 12. Deferred Compensation

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

AXA Equitable	Valic
Northwestern Mutual	Wells Fargo

Note 13. Compensated Absences

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

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for specified dollar amount per sick day accumulated and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net assets under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2014 is \$72,945.

Note 14. 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 years’ budget. The District has no excess fund balance at June 30, 2014.

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**BASS RIVER TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

ACCOUNT NUMBERS	JUNE 30, 2014			JUNE 30, 2013			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Revenues:								
Local Sources:								
Local Tax Levy	\$ 1,263,753	\$ -	\$ 1,263,753	\$ 1,263,753	\$ -	\$ 1,238,974	\$ 1,238,974	\$ -
Interest Earned	-	-	-	463	463	1,000	-	(1,000)
Miscellaneous	-	-	-	3,413	3,413	12,000	1,223	(10,777)
Total Local Sources	1,263,753	-	1,263,753	1,267,629	3,876	1,251,974	1,240,197	(11,777)
State Sources:								
Categorical Transportation Aid	25,972	-	25,972	25,972	-	25,371	25,371	-
Categorical Special Education Aid	67,203	-	67,203	67,203	-	66,300	66,300	-
Equalization Aid	638,484	-	638,484	638,484	-	629,421	629,421	-
Categorical Security Aid	22,124	-	22,124	22,124	-	21,654	21,654	-
Adjustment Aid	129,586	-	129,586	129,586	-	129,586	129,586	-
On-Behalf TPAF Pension Contribution (Nonbudgeted):								
Normal Cost	-	-	-	41,757	41,757	-	61,551	61,551
Post-Retirement Medical	-	-	-	68,466	68,466	-	69,599	69,599
Reimbursed TPAF Social Security (Nonbudgeted)	-	-	-	82,041	82,041	-	77,954	77,954
Total State Sources	883,369	-	883,369	1,075,633	192,264	872,332	1,081,436	209,104
Total Revenues	2,147,122	-	2,147,122	2,343,262	196,140	2,124,306	2,321,633	197,327
Expenditures:								
Current Expense:								
Instruction - Regular Programs:								
Preschool - Salaries of Teachers	29,524	(351)	29,173	29,173	-	30,843	26,689	26,653
Kindergarten - Salaries of Teachers	62,613	(1,329)	61,284	61,284	-	59,296	59,313	59,313
Grades 1-5 - Salaries of Teachers	445,829	1,075	446,904	446,904	-	420,042	426,010	426,009
Grades 6-8 - Salaries of Teachers	64,875	(2,761)	62,114	62,114	-	61,127	61,828	61,828
Home Instruction - Regular Programs: Salaries of Teachers	1,500	(285)	1,215	1,215	-	1,500	268	268
Undistributed - Regular Programs:								
Other Salaries for Instruction	83,375	(20,678)	62,697	62,697	-	72,928	72,928	72,928
Purchased Technical Services	500	(500)	-	-	-	500	-	-
Other Purchased Services - (400-500 Series)	73,954	(2,708)	71,246	71,246	-	58,000	52,369	52,369
General Supplies	40,000	(1,126)	38,874	38,874	-	40,000	39,847	39,846
Textbooks	2,000	(998)	1,002	1,002	-	2,000	1,999	1,999
Other Objects	2,000	309	2,309	2,309	-	2,000	2,093	2,092
Total Regular Programs	806,170	(29,352)	776,818	776,818	-	748,236	743,366	743,205
Total Expenditures	2,147,122	-	2,147,122	2,343,262	196,140	2,124,306	2,321,633	197,327

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

ACCOUNT NUMBERS	JUNE 30, 2014			JUNE 30, 2013			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Special Education:							
Resource Room/Resource Center:							
Salaries of Teachers	153,667	29,998	183,665	183,665	-	183,665	-
Other Purchased Services	1,500	(533)	967	1,500	-	1,500	-
General Supplies	1,500	(933)	567	1,500	-	1,500	-
Total Resource Room/Resource Center	156,667	28,532	185,199	185,199	-	185,199	-
Total Special Education	156,667	28,532	185,199	185,199	-	185,199	-
Other Instructional Programs:							
Basic Skills/Remedial - Instruction:							
Salaries of Teachers	18,179	45,756	63,935	63,935	-	63,935	-
Other Purchased Services-(400-500)	500	(43)	457	500	-	500	-
General Supplies	1,000	(475)	525	1,000	-	1,000	-
Total Basic Skills/Remedial Instruction	19,679	45,238	64,917	64,917	-	64,917	-
School Sponsored Cocurricular Activities:							
Salaries	11,000	3,152	14,152	14,152	-	14,152	-
Total School Sponsored Cocurricular - Activities	11,000	3,152	14,152	14,152	-	14,152	-
Summer School - Instruction:							
Salaries of Teachers	6,000	252	6,252	6,252	-	6,252	-
Total Summer School - Instruction	6,000	252	6,252	6,252	-	6,252	-
Total - Instruction	999,516	47,822	1,047,338	1,047,338	-	1,047,338	-
Undistributed Expenditures:							
Instruction:							
Tuition to County Special Services & Regular Day Schools	-	-	-	-	-	37,514	-
Total Instruction	-	-	-	-	-	37,514	-
Attendance/Social Work:							
Salaries	9,617	812	10,429	10,429	-	10,152	-
Purchased Professional & Technical Services	4,500	(500)	4,000	4,000	-	4,500	-
Supplies and Materials	400	(284)	116	400	-	400	-
Total Attendance/Social Work	14,517	28	14,545	14,545	-	15,052	-
Final Budget							
Final Budget	1,566,667	312,312	1,878,979	1,878,979	-	1,878,979	-
Final Budget	1,566,667	312,312	1,878,979	1,566,667	(312,312)	1,566,667	38
Final Budget	1,500	(933)	567	1,500	(1,500)	1,342	-
Final Budget	1,500	(933)	567	1,500	(1,500)	1,342	1
Final Budget	156,667	28,532	185,199	158,237	(33,042)	158,198	39
Final Budget	156,667	28,532	185,199	158,237	(33,042)	158,198	39
Final Budget	18,179	45,756	63,935	20,884	(2,721)	18,163	65
Final Budget	500	(43)	457	500	(500)	-	-
Final Budget	1,000	(475)	525	1,000	(463)	537	-
Final Budget	19,679	45,238	64,917	22,384	(3,684)	18,700	65
Final Budget	11,000	3,152	14,152	11,000	3,012	14,012	-
Final Budget	11,000	3,152	14,152	11,000	3,012	14,012	-
Final Budget	6,000	252	6,252	6,000	270	6,270	-
Final Budget	6,000	252	6,252	6,000	270	6,270	-
Final Budget	999,516	47,822	1,047,338	978,899	(38,314)	940,320	265
Final Budget	-	-	-	-	37,514	37,514	-
Final Budget	-	-	-	-	37,514	37,514	-
Final Budget	9,617	812	10,429	10,152	7	10,159	-
Final Budget	4,500	(500)	4,000	4,500	(500)	4,000	-
Final Budget	400	(284)	116	400	(400)	-	-
Final Budget	14,517	28	14,545	15,052	(893)	14,159	-

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

ACCOUNT NUMBERS	JUNE 30, 2014			JUNE 30, 2013			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Health Services:							
Salaries	81,680	850	82,530	81,082	(85)	80,997	80,997
Purchased Professional & Technical Services	5,000	(608)	4,392	5,000	(805)	4,195	4,195
Other Purchased Services (400-500 Series)	300	(51)	249	300	(230)	70	63
Supplies and Materials	2,500	177	2,677	2,500	(545)	1,955	1,955
Total Health Services	89,480	368	89,848	88,882	(1,665)	87,217	87,210
Other Support Services - Students - Related Services:							
Purchased Professional & Educational Services	40,000	(7,760)	32,240	40,000	17,340	57,340	57,340
Total Other Support Services - Students - Related Services	40,000	(7,760)	32,240	40,000	17,340	57,340	57,340
Other Support Services - Students - Special Services:							
Salaries of Other Professional Staff	60,748	(4,442)	56,306	46,651	11,168	57,819	57,819
Salaries of Secretarial & Clerical Assistants	14,000	(814)	13,186	13,374	62	13,436	13,435
Purchased Professional - Educational Services	13,533	15,861	29,394	18,000	(2,458)	15,542	15,542
Other Purchased Services - (400-500 Series)	500	137	637	500	(211)	289	289
Supplies and Materials	4,000	(2,087)	1,913	4,000	(3,655)	344	344
Total Other Support Services - Students - Special Services	92,781	8,655	101,436	82,525	4,906	87,431	87,429
Improvement of Instruction Services:							
Salaries of Secretarial & Clerical Assistants	33,178	(1,794)	31,384	33,445	(2,948)	30,497	30,496
Other Purchased Services	3,500	(444)	3,056	2,300	625	2,925	2,924
Total Improvement of Instruction Services	36,678	(2,238)	34,440	35,745	(2,323)	33,422	33,420
Educational Media Services/School Library:							
Purchased Professional & Technical Services	20,600	(1,089)	19,511	20,600	(598)	20,002	20,002
Supplies and Materials	17,500	(9,816)	7,684	17,500	(9,402)	8,098	8,047
Total Educational Media Services/School Library	38,100	(10,905)	27,195	38,100	(10,000)	28,100	28,049
Instructional Staff Training Services:							
Purchased Professional - Educational Services	2,100	1,791	3,891	2,100	(2,100)	-	-
Total Instructional Staff Training Services	2,100	1,791	3,891	2,100	(2,100)	-	-

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

ACCOUNT NUMBERS	JUNE 30, 2014			JUNE 30, 2013			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Support Services General Administration:							
Salaries	56,200	1,390	57,590	54,200	528	54,728	54,727
Legal Services	10,000	(5,677)	4,323	10,000	5,441	15,441	14,069
Audit Fees	10,000	1,200	11,200	10,000	-	10,000	10,000
Other Purchased Professional Services	13,500	(4,164)	9,336	14,000	(3,322)	10,678	6,255
Communications/Telephone	10,000	(1,767)	8,233	10,000	(708)	9,292	9,291
Other Purchased Services - (400-500)	4,052	(2,549)	1,503	4,500	(2,171)	2,329	2,328
General Supplies	5,373	(156)	5,217	5,000	(1,477)	3,523	3,523
Miscellaneous	1,575	25	1,600	1,500	75	1,575	1,575
BOE Membership Dues & Fees	2,000	(122)	1,878	2,000	(120)	1,880	1,878
Total Support Services General Administration	112,700	(11,820)	100,880	111,200	(1,754)	109,446	103,646
Support Services School Administration:							
Salaries of Principals & Assistant Principals	56,200	(610)	55,590	54,200	73	54,273	54,272
Salaries of Secretarial & Clerical Assistants	6,411	542	6,953	6,768	142	6,910	6,910
Supplies and Materials	2,000	(1,166)	834	2,000	(187)	1,813	1,813
Total Support Services School Administration	64,611	(1,234)	63,377	62,968	28	62,996	62,995
Central Services:							
Salaries	3,000	-	3,000	3,060	-	3,060	3,000
Purchased Professional Services	25,600	2,249	27,849	25,600	4,636	30,236	30,206
Purchased Technical Services	2,500	(2,500)	-	2,500	(2,500)	-	-
Supplies & Materials	1,000	245	1,245	1,000	1	1,001	1,001
Other Objects	700	334	1,034	700	335	1,035	1,034
Total Central Services	32,800	328	33,128	32,860	2,472	35,332	35,241
Required Maintenance for School Facilities:							
Cleaning, Repair & Maintenance Services	21,000	(7,151)	13,849	21,000	483	21,483	19,733
General Supplies	11,000	(8,101)	2,899	11,000	(3,583)	7,417	7,416
Subtotal Allowable Maintenance for School Facilities	32,000	(15,252)	16,748	32,000	(3,100)	28,900	27,149
Custodial Services:							
Salaries	80,937	4,309	85,246	79,262	877	80,139	80,138
Purchased Professional & Technical Service	1,000	(1,000)	-	1,000	782	1,782	1,782

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

ACCOUNT NUMBERS	JUNE 30, 2014			JUNE 30, 2013			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Cleaning, Repair & Maintained Service	12,000	(4,676)	7,324	12,000	(7,329)	4,671	4,671	-
Other Purchased Property Service	2,000	(2,000)	-	2,000	(2,000)	-	-	-
Insurance	16,800	(363)	16,437	22,500	(6,734)	15,766	15,766	-
Miscellaneous Purchased Services	800	(800)	-	800	(800)	-	-	-
General Supplies	10,000	49	10,049	10,000	(230)	9,770	8,060	1,710
Energy (Electricity)	38,000	(1,926)	36,074	38,000	(5,272)	32,728	32,577	151
Energy (Oil)	25,000	6,451	31,451	25,000	9,150	34,130	34,117	13
Total Custodial Services	186,537	44	186,581	190,562	(11,576)	178,986	177,111	1,875
Care & Upkeep of Grounds: General Supplies	2,500	(924)	1,576	2,500	-	2,500	2,498	2
Total Care & Upkeep of Grounds	2,500	(924)	1,576	2,500	-	2,500	2,498	2
Security: Cleaning, Repair & Maintenance Services	2,000	(1,706)	294	2,000	(130)	1,870	1,870	-
Total Security	2,000	(1,706)	294	2,000	(130)	1,870	1,870	-
Total Operations & Maintenance of Plant	223,037	(17,838)	205,199	227,062	(14,806)	212,256	208,628	3,628
Student Transportation Services: Other Purchased Professional & Technical Services	-	18,333	18,333	17,600	(1,600)	16,000	16,000	-
Contracted Services (Other than Between Home & School) - Vendors	4,935	2,341	7,276	5,495	(538)	4,957	4,956	1
Contracted Services (Between Home & School)-Joint Agree, ESCs, & CTSA	55,791	(81)	55,710	52,055	3,504	55,559	55,559	-
Contracted Services - Aid in Lieu of Payments - Charter Schools	-	547	547	12,922	(583)	12,339	12,339	-
General Supplies	-	-	-	1,000	(1,000)	-	-	-
Other Objects	-	-	-	2,500	(2,500)	-	-	-
Total Student Transportation Services	60,726	21,140	81,866	94,072	(5,217)	88,855	88,854	1
Unallocated Benefits - Employee Benefits: Social Security Contributions Other Retirement Contributions - Regular Workman's Compensation Health Benefits Tuition Reimbursement Other Employee Benefits	23,000	(3,132)	19,868	23,000	(2,264)	20,736	20,736	-
	22,000	-	22,000	21,121	(1,700)	19,421	19,340	81
	21,250	(4,349)	16,901	17,900	(3,900)	13,100	13,038	62
	342,035	(3,917)	338,118	297,693	42,165	339,858	312,862	26,996
	7,500	(5,000)	2,500	7,500	(7,500)	-	-	-
	4,000	(3,989)	11	10,000	(10,000)	-	-	-
Total Unallocated Benefits - Employee Benefits	419,785	(20,387)	399,398	376,314	16,801	393,115	365,976	27,139

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

ACCOUNT NUMBERS	JUNE 30, 2014			JUNE 30, 2013			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Nonbudgeted:								
On-Behalf TPAF Pension Contribution:								
Normal Cost	-	-	41,757	-	-	-	61,551	(61,551)
Post-Retirement Medical	-	-	68,466	-	-	-	69,599	(69,599)
Reimbursed TPAF Social Security Contributions	-	-	82,041	-	-	-	77,954	(77,954)
Total On-Behalf Contributions	-	-	192,264	-	-	-	209,104	(209,104)
Total Personal Services - Employee Benefits	419,785	(20,387)	399,398	591,662	16,801	393,115	575,080	(181,965)
Total Undistributed Expenditures	1,227,315	(39,872)	1,187,443	1,409,334	40,303	1,247,183	1,419,565	(172,382)
Total Expenditures - Current Expense	2,226,831	7,950	2,234,781	2,456,672	1,989	2,187,768	2,359,885	(172,117)
Capital Outlay:								
Facilities Acquisition & Construction Services:								
12-000-400-450	-	6,812	6,812	6,812	-	-	-	-
12-000-400-800	-	-	-	-	237,812	237,812	231,000	6,812
Total Facilities Acquisition & Construction Services	-	6,812	6,812	6,812	237,812	237,812	231,000	6,812
Assets Acquired Under Capital Leases (Nonbudgeted)	-	-	80,000	(80,000)	-	-	80,000	(80,000)
Total Capital Outlay	-	6,812	6,812	86,812	237,812	237,812	311,000	(73,188)
Total Expenditures	2,226,831	14,762	2,241,593	2,543,484	239,801	2,425,580	2,670,885	(245,305)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(79,709)	(14,762)	(94,471)	(200,222)	(259,801)	(301,274)	(349,252)	(47,978)
Other Financing Sources/(Uses):								
Operating Transfers Out:								
Interest Deposit to Capital Reserve	-	-	-	(1,000)	-	(1,000)	-	(1,000)
Capital Lease Proceeds (Nonbudgeted)	-	-	80,000	80,000	-	-	80,000	80,000
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses	(79,709)	(14,762)	(94,471)	(120,222)	(259,801)	(302,274)	(269,252)	33,022

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

ACCOUNT NUMBERS	JUNE 30, 2014		JUNE 30, 2013		ORIGINAL BUDGET	FINAL BUDGET	TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET								
Fund Balances, July 1	370,309	370,309	370,309	370,309	639,561	639,561	-	639,561	639,561	-	639,561	-
Fund Balances, June 30	\$ 290,600	\$ (14,762)	\$ 275,838	\$ 250,087	\$ 577,088	\$ (239,801)	\$ (239,801)	\$ 337,287	\$ 370,309	\$ 33,022	\$ 370,309	\$ 33,022

RECAPITULATION OF BUDGET TRANSFERS

Prior Year Reserve for Encumbrances	\$ 14,911
Cancellation of Prior Year Roll Over Encumbrances	(149)
Total Budget Transfers	<u>\$ 14,762</u>

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:	
Capital Reserve	\$ 10,000
Excess Surplus Designated for Subsequent Year's Expenditures	15,689
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	50,000
Year-End Encumbrances	1,040
Unassigned Fund Balance	<u>173,358</u>
Subtotal	250,087
Reconciliation to Governmental Funds Statements (GAAP):	
Reconciliation of State Aid Payments For GAAP to Budgetary Basis & Other Adjustments	<u>(84,447)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 165,640</u>

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

REVENUES	JUNE 30, 2014		JUNE 30, 2013		VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	
Local Sources	\$ 10,134	\$ 10,134	\$ 7,607	\$ 7,607	\$ 7,607
Federal Sources	23,754	97,854	83,066	91,068	91,068
Total Revenues	33,888	107,988	90,673	98,675	98,675
EXPENDITURES:					
Instruction:					
Salaries of Teachers	9,879	38,041	54,803	62,805	62,805
Tuition	4,165	46,738	9,514	9,514	9,514
General Supplies	6,184	6,184	5,286	5,286	5,286
Total Instruction	20,228	90,963	69,603	77,605	77,605
Support Services:					
Salaries for Other Professional Staff	3,559	3,559	3,605	3,605	3,605
Personal Services - Employee Benefits	4,778	4,778	9,287	9,287	9,287
Purchased Professional - Educational Services	2,000	2,000	3,371	3,371	3,371
Other Purchased Services	(627)	2,738	2,486	2,486	2,486
Supplies & Materials	3,950	3,950	2,321	2,321	2,321
Total Support Services	13,660	17,025	21,070	21,070	21,070
Total Outflows	33,888	107,988	90,673	98,675	98,675
Excess/(Deficiency) of Revenues Over/ Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**BASS RIVER TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**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 (C-Series)	\$ 2,343,262	\$ 107,988
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year	-	-
Current Year	-	(1,735)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		
	83,480	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		
	(84,447)	-
<hr/>		
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 2,342,295</u>	<u>\$ 106,253</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 2,543,484	\$ 107,988
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
		(1,735)
<hr/>		
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 2,543,484</u>	<u>\$ 106,253</u>

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**BASS RIVER TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(With Comparative Totals for June 30, 2013)**

	TITLE I	TITLE II-A	TITLE VI	IDEA, PART B - BASIC	IDEA, PART B - PRESCHOOL
Revenues:					
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Source	25,552	4,738	17,267	46,738	3,559
Total Revenues	\$ 25,552	\$ 4,738	\$ 17,267	\$ 46,738	\$ 3,559
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 20,774	\$ -	\$ 17,267	\$ -	\$ -
Tuition	-	-	-	46,738	-
General Supplies	-	-	-	-	-
Total Instruction	20,774	-	17,267	46,738	-
Support Services:					
Salaries of Other Professional Staff	-	-	-	-	3,559
Personal Services - Employee Benefits	4,778	-	-	-	-
Purchased Professional Services	-	2,000	-	-	-
Other Purchased Services	-	2,738	-	-	-
Supplies & Materials	-	-	-	-	-
Total Support Services	4,778	4,738	-	-	3,559
Total Outflows	\$ 25,552	\$ 4,738	\$ 17,267	\$ 46,738	\$ 3,559

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(With Comparative Totals for June 30, 2013)**

	SAFETY GRANT	EDUCATION FOUNDATION GRANT	2014	2013
Revenues:				
Local Sources	\$ 3,950	\$ 6,184	\$ 10,134	\$ 7,607
Federal Source	-	-	97,854	91,068
Total Revenues	\$ 3,950	\$ 6,184	\$ 107,988	\$ 98,675
Expenditures:				
Instruction:				
Salaries of Teachers	\$ -	\$ -	\$ 38,041	\$ 62,805
Tuition	-	-	46,738	9,514
General Supplies	-	6,184	6,184	5,286
Total Instruction	-	6,184	90,963	77,605
Support Services:				
Salaries of Other Professional Staff	-	-	3,559	3,605
Personal Services - Employee Benefits	-	-	4,778	9,287
Purchased Professional Services	-	-	2,000	3,371
Other Purchased Services	-	-	2,738	2,486
Supplies & Materials	3,950	-	3,950	2,321
Total Support Services	3,950	-	17,025	21,070
Total Outflows	\$ 3,950	\$ 6,184	\$ 107,988	\$ 98,675

F. Capital Projects Fund

Not Applicable

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G. Proprietary Funds

Not Applicable

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Enterprise Funds

Not Applicable

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Internal Service Fund

Not Applicable

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H. Fiduciary Fund

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**BASS RIVER TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014
(With Comparative Totals for June 30, 2013)**

ASSETS	<u>PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION TRUST</u>	AGENCY FUNDS	2014	2013
Cash & Cash Equivalents	\$ 26,402	\$ 12,972	\$ 39,374	\$ 66,122
Total Assets	<u>26,402</u>	<u>12,972</u>	<u>39,374</u>	<u>66,122</u>
LIABILITIES				
Interfund Payable Due to Student Groups	-	3,288	3,288	26,565
Payroll Deductions & Withholdings	-	9,684	9,684	12,227
	99	-	99	589
Total Liabilities	<u>99</u>	<u>12,972</u>	<u>13,071</u>	<u>39,381</u>
NET POSITION				
Reserved for: Unemployment Claims & Other Purposes	26,303	-	26,303	26,741
Total Net Position	<u>\$ 26,303</u>	<u>\$ -</u>	<u>\$ 26,303</u>	<u>\$ 26,741</u>

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(With Comparative Totals for 2013)**

ADDITIONS	<u>PRIVATE PURPOSE UNEMPLOYMENT FUND</u>	2014	2013
Contributions:			
Plan Member	\$ -	\$ -	\$ 2,529
Total Contributions	-	-	2,529
Investment Earnings:			
Interest - Checking	39	39	51
Net Investment Earnings	39	39	51
Total Additions	39	39	2,580
DEDUCTIONS			
Claims Paid	477	477	6,449
Total Deductions	477	477	6,449
Change in Net Position	(438)	(438)	(3,869)
Net Position - Beginning of the Year	26,741	26,741	30,610
Net Position - End of the Year	\$ 26,303	\$ 26,303	\$ 26,741

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF CHANGES OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

ASSETS	BALANCE JULY 1, 2013	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2014
Cash & Cash Equivalents	\$ 12,227	\$ 2,128	\$ 4,671	\$ 9,684
Total Assets	<u>\$ 12,227</u>	<u>\$ 2,128</u>	<u>\$ 4,671</u>	<u>\$ 9,684</u>
LIABILITIES				
Due To Student Groups	\$ 12,227	\$ 2,128	\$ 4,671	\$ 9,684
Total Liabilities	<u>\$ 12,227</u>	<u>\$ 2,128</u>	<u>\$ 4,671</u>	<u>\$ 9,684</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

ASSETS	BALANCE JULY 1, 2013	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2014
Cash & Cash Equivalents	\$ 27,142	\$ 1,582,056	\$ 1,605,910	\$ 3,288
Total Assets	<u>\$ 27,142</u>	<u>\$ 1,582,056</u>	<u>\$ 1,605,910</u>	<u>\$ 3,288</u>
LIABILITIES				
Payroll Deductions & Withholdings	\$ 577	\$ 1,578,768	\$ 1,579,345	\$ -
Interfund Payable	26,565	3,288	26,565	3,288
Total Liabilities	<u>\$ 27,142</u>	<u>\$ 1,582,056</u>	<u>\$ 1,605,910</u>	<u>\$ 3,288</u>

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I. Long-Term Debt

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**BASS RIVER TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

SERIES	AMOUNT OF ORIGINAL ISSUE	AMOUNT OUTSTANDING JUNE 30, 2013	ISSUED CURRENT YEAR	RETIRED CURRENT YEAR	AMOUNT OUTSTANDING JUNE 30, 2014
Equipment	\$ 80,000	\$ 33,000	\$ -	\$ 16,000	\$ 17,000
Equipment	80,000	49,006	-	15,503	33,503
Miscellaneous Equipment, Technology Equipment and Textbooks	80,000	65,000	-	15,500	49,500
Facility Equipment	80,000	-	80,000	16,726	63,274
Total		<u>\$ 147,006</u>	<u>\$ 80,000</u>	<u>\$ 63,729</u>	<u>\$ 163,277</u>

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STATISTICAL SECTION (Unaudited)

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

	FISCAL YEAR ENDING JUNE 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental Activities:										
Invested in Capital Assets, Net of Related Debt Restricted	\$ 374,984	\$ 444,108	\$ 604,002	\$ 590,459	\$ 627,486	\$ 652,568	\$ 655,500	\$ 596,582	\$ 558,434	\$ 440,994
Unrestricted	25,689	99,039	389,561	319,247	97,712	105,548	90,419	212,277	383,614	421,689
	67,006	109,939	101,743	167,376	80,289	72,363	170,569	96,724	16,092	15,111
Total Governmental Activities Net Position	\$ 467,679	\$ 653,086	\$ 1,095,306	\$ 1,077,082	\$ 805,487	\$ 830,479	\$ 916,488	\$ 905,583	\$ 958,140	\$ 877,794
Business-Type Activities:										
Invested in Capital Assets, Net of Related Debt Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 659	\$ 1,385	\$ 2,111	\$ 2,837
	-	-	-	-	-	3,896	3,749	4,248	2,762	16,874
Total Business-Type Activities Net Position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,896	\$ 4,408	\$ 5,633	\$ 4,873	\$ 19,711
District-Wide:										
Invested in Capital Assets, Net of Related Debt Restricted	\$ 374,984	\$ 444,108	\$ 604,002	\$ 590,459	\$ 627,486	\$ 652,568	\$ 656,159	\$ 597,967	\$ 560,545	\$ 443,831
Unrestricted	25,689	99,039	389,561	319,247	97,712	105,548	90,419	212,277	383,614	421,689
	67,006	109,939	101,743	167,376	80,289	76,259	174,318	100,972	18,854	31,985
Total District Net Position	\$ 467,679	\$ 653,086	\$ 1,095,306	\$ 1,077,082	\$ 805,487	\$ 834,375	\$ 920,896	\$ 911,216	\$ 963,013	\$ 897,505

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 856,818	\$ 823,205	\$ 809,726	\$ 791,050	\$ 635,133	\$ 691,045	\$ 657,082	\$ 691,882	\$ 654,756	\$ 550,726
Special Education	274,427	235,803	140,070	136,446	160,110	127,023	146,123	140,371	132,016	201,052
Other Special Education	64,917	18,635	17,218	10,380	21,066	20,018	18,565	10,786	11,004	30,855
Other Instruction	20,404	20,282	16,772	9,241	8,924	9,511	10,621	-	-	-
Support Services:										
Tuition	-	37,514	-	-	136,317	105,733	21,109	97,378	56,721	17,148
Student & Instruction Related Services	327,533	328,677	296,627	247,962	270,743	331,692	327,577	308,644	276,815	237,056
School Administrative Services	63,377	62,995	60,790	58,770	58,038	25,682	23,916	28,809	30,758	54,372
General Administrative Services	134,008	138,887	127,099	129,137	122,600	116,367	176,313	132,188	129,543	127,405
Plant Operations & Maintenance	140,430	162,618	211,694	207,895	218,556	212,673	235,747	211,192	219,994	185,123
Pupil Transportation	105,620	88,854	90,318	87,340	109,106	95,473	82,081	77,416	77,303	74,617
Special Schools	-	-	-	-	-	8,848	2,964	4,333	3,000	3,500
Unallocated Employee Benefits	586,756	590,090	490,370	443,733	472,483	454,425	599,552	579,016	478,014	445,548
Interest on Long-Term Debt	-	-	-	-	-	-	3,286	9,486	15,086	21,886
Unallocated Depreciation	59,665	56,598	86,408	25,765	49,079	111,399	41,660	51,182	51,755	41,136
Total Governmental Activities Expenses	2,633,955	2,751,448	2,347,092	2,147,719	2,262,155	2,309,889	2,346,596	2,342,683	2,136,765	1,990,424
Business-Type Activities:										
Food Service	-	-	-	-	-	70,890	74,831	70,402	64,755	63,376
Total Business-Type Activities Expense	-	-	-	-	-	70,890	74,831	70,402	64,755	63,376
Total District Expenses	\$ 2,633,955	\$ 2,751,448	\$ 2,347,092	\$ 2,147,719	\$ 2,262,155	\$ 2,380,779	\$ 2,421,427	\$ 2,413,085	\$ 2,201,520	\$ 2,053,800
Program Revenues:										
Governmental Activities:										
Operating Grants & Contributions	298,517	307,779	93,637	168,137	48,702	93,353	113,013	100,180	106,704	112,115
Total Governmental Activities Program Revenues	298,517	307,779	93,637	168,137	48,702	93,353	113,013	100,180	106,704	112,115
Business-Type Activities:										
Charges for Services:										
Food Service	-	-	-	-	-	20,871	22,501	22,488	27,676	25,644
Operating Grants & Contributions	-	-	-	-	-	17,334	20,797	18,194	18,698	15,774
Total Business Type Activities Program Revenues	-	-	-	-	-	38,205	43,298	40,682	46,374	41,418
Total District Program Revenues	\$ 298,517	\$ 307,779	\$ 93,637	\$ 168,137	\$ 48,702	\$ 131,558	\$ 156,311	\$ 140,862	\$ 153,078	\$ 153,533

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net (Expense)/Revenue:										
Governmental Activities	\$ (2,335,438)	\$ (2,443,669)	\$ (2,253,455)	\$ (1,979,582)	\$ (2,213,453)	\$ (2,216,536)	\$ (2,233,583)	\$ (2,242,503)	\$ (2,030,061)	\$ (1,878,309)
Business-Type Activities	-	-	-	-	-	(32,685)	(31,533)	(29,720)	(18,381)	(21,958)
Total District-Wide Net Expense	\$ (2,335,438)	\$ (2,443,669)	\$ (2,253,455)	\$ (1,979,582)	\$ (2,213,453)	\$ (2,249,221)	\$ (2,265,116)	\$ (2,272,223)	\$ (2,048,442)	\$ (1,900,267)
General Revenues & Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 1,263,753	\$ 1,214,680	\$ 1,190,863	\$ 1,148,394	\$ 1,104,225	\$ 1,061,755	\$ 1,007,169	\$ 972,303	\$ 980,407	\$ 980,407
Taxes Levied for Debt Service	-	-	-	-	-	25,138	48,897	51,666	54,435	54,435
Federal & State Aid not restricted	874,003	1,037,238	1,046,523	1,013,929	1,048,020	1,181,703	1,154,764	1,079,157	1,069,400	1,069,400
Tuition Received	-	17,300	-	19,000	-	-	-	-	-	-
Investment Earnings	463	312	441	2,153	-	6,133	9,012	9,433	5,140	5,140
Miscellaneous Income	11,812	2,149	13,350	5,345	10,440	-	357	716	546	546
Transfers/Cancellations	-	-	-	-	(32,158)	(30,241)	(30,253)	(2,868)	6,339	6,339
Total Governmental Activities	2,150,031	2,271,679	2,251,177	2,188,821	2,130,527	2,244,488	2,189,946	2,110,407	2,116,267	2,116,267
Business-Type Activities:										
Investment Earnings	-	-	-	-	15	67	227	675	318	318
Transfers	-	-	-	(3,896)	32,158	30,241	30,253	2,868	23,661	23,661
Total Business-Type Activities	-	-	-	(3,896)	32,173	30,308	30,480	3,543	23,979	23,979
Total District-Wide	2,150,031	2,271,679	2,251,177	2,184,925	2,162,700	2,274,796	2,220,426	2,113,950	2,140,246	2,140,246
Change in Net Position:										
Governmental Activities	(185,407)	(171,990)	(2,278)	209,239	(82,926)	27,952	(43,637)	(132,096)	86,206	237,958
Business-Type Activities	-	-	-	(3,896)	32,173	(2,377)	(1,053)	(26,177)	5,598	2,021
Total District	\$ (185,407)	\$ (171,990)	\$ (2,278)	\$ 205,343	\$ (50,753)	\$ 25,575	\$ (44,690)	\$ (158,273)	\$ 91,804	\$ 239,979

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund:										
Reserved	\$ -	\$ -	\$ 389,561	\$ 319,247	\$ 97,712	\$ 105,548	\$ 90,419	\$ 212,277	\$ 383,614	\$ 421,689
Restricted	25,689	99,039	-	-	-	-	-	-	-	-
Assigned	51,040	21,270	-	-	-	-	-	-	-	-
Unreserved/Unassigned	88,911	166,520	164,584	219,381	163,764	163,490	207,078	128,038	57,077	57,077
Total General Fund	\$ 165,640	\$ 286,829	\$ 554,145	\$ 538,628	\$ 261,476	\$ 269,038	\$ 297,497	\$ 340,315	\$ 440,691	\$ 478,766
All Other Governmental Funds:										
Unreserved, Reported in:										
Special Revenue Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,106)	\$ (406)	\$ (406)	\$ (406)	\$ (406)
Total All Other Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,106)	\$ (406)	\$ (406)	\$ (406)	\$ (406)

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
Tax Levy	\$ 1,263,753	\$ 1,238,974	\$ 1,214,680	\$ 1,190,863	\$ 1,148,394	\$ 1,104,225	\$ 1,086,893	\$ 1,056,066	\$ 1,023,869	\$ 1,034,842
Tuition Charges	-	-	-	-	19,000	-	-	-	-	-
Miscellaneous	12,275	8,830	22,159	13,791	7,498	10,440	6,133	9,369	10,149	5,686
State Sources	1,074,666	1,083,372	1,037,238	1,048,921	907,000	1,048,020	1,203,121	1,163,238	1,091,473	1,081,569
Federal Sources	97,854	91,068	91,239	165,739	155,631	93,353	91,595	92,706	94,388	99,946
Total Revenue	2,448,548	2,422,244	2,365,316	2,419,314	2,237,523	2,256,038	2,387,742	2,321,379	2,219,879	2,222,043
Expenditures:										
Instruction:										
Regular Instruction	776,818	743,205	809,726	791,050	635,133	691,045	657,082	691,882	654,756	550,726
Special Education Instruction	274,427	235,803	140,070	136,446	160,110	127,023	146,123	140,371	132,016	201,052
Other Special Education Instruction	64,917	18,635	17,218	10,380	21,066	20,018	18,565	10,786	11,004	30,855
Other Instruction	20,404	20,282	16,772	9,241	8,924	9,511	10,621	-	-	-
Support Services:										
Tuition	-	37,514	-	-	136,317	105,733	21,109	97,378	56,721	17,148
Student & Instruction Related Services	327,533	328,677	311,226	247,962	270,743	331,692	327,577	308,644	276,815	237,056
School Administrative Services	63,377	62,995	60,790	58,770	58,038	25,682	23,916	28,809	30,758	54,372
General Administration Services	134,008	138,887	127,099	129,137	122,600	116,367	176,313	132,188	129,543	127,405
Plant Operations & Maintenance	204,159	208,628	211,694	207,895	218,556	212,673	235,747	211,192	219,994	185,123
Pupil Transportation	105,620	88,854	90,318	87,340	109,106	95,473	82,081	77,416	77,303	74,617
Employee Benefits	591,662	575,080	490,370	443,733	472,843	454,425	599,552	579,016	478,014	445,386
Capital Outlay	-	-	-	-	-	8,848	2,964	4,333	3,000	3,500
Debt Service:	86,812	311,000	74,516	20,208	31,649	52,743	43,083	1	69,476	1
Principal	-	-	-	-	-	-	53,000	100,000	100,000	100,000
Interest & Other Charges	-	-	-	-	-	-	3,286	9,486	15,686	21,886
Total Expenditures	2,649,737	2,769,560	2,349,799	2,142,162	2,245,085	2,251,233	2,401,019	2,391,502	2,255,086	2,049,127
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(201,189)	(347,316)	15,517	277,152	(7,562)	4,805	(13,277)	(70,123)	(35,207)	172,916
Other Financing Sources/(Uses):										
Capital Lease Proceeds	80,000	80,000	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-	53,515	30,000
Transfer Out	-	-	-	-	-	(32,518)	(30,241)	(30,253)	(56,383)	(23,661)
Total Other Financing Sources/(Uses)	80,000	80,000	-	-	-	(32,518)	(30,241)	(30,253)	(2,868)	6,339
Net Change in Fund Balances	\$ (121,189)	\$ (267,316)	\$ 15,517	\$ 277,152	\$ (7,562)	\$ (27,713)	\$ (43,518)	\$ (100,376)	\$ (38,075)	\$ 179,255
Debt Service as a Percentage of Noncapital Expenditures							2.4%	4.8%	5.6%	6.3%

Source: District records

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

FISCAL YEAR	WASHINGTON TWP CONTRACTS	TUITION	TOWNSHIP AID	PRIOR YEAR REFUNDS	INTEREST	MISCELLANEOUS	TOTAL
2014	-	-	-	-	463	3,413	3,876
2013	-	-	-	-	-	8,830	8,830
2012	-	17,300	-	-	312	2,149	19,761
2011	-	-	-	-	441	13,350	13,791
2010	-	-	-	-	2,153	3,794	5,947
2009	-	-	-	-	8,580	1,860	10,440
2008	-	-	-	-	6,133	-	6,133
2007	-	-	-	-	9,433	716	10,149
2006	-	-	-	-	5,140	546	5,686
2005	12,825	-	20,000	11,180	556	2,300	46,861

Source: District records

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL FARM REGULAR	Q FARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	SCHOOL TAX RATE	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED COUNTY EQUALIZED VALUE
2014 (r)	\$9,048,200	\$ 117,471,700	\$ 5,136,700	\$ 27,354,100	\$ -	\$ -	\$ 159,713,300	\$ 1,046,301	\$ 160,759,601	0.838	0.838	\$ 146,998,579
2013	11,631,100	142,805,600	5,791,500	27,120,500	-	-	188,060,300	1,079,636	189,139,936	0.669	0.669	201,074,666
2012	11,631,000	145,382,700	5,898,200	29,550,500	-	-	193,170,100	1,081,011	194,251,111	0.621	0.621	200,214,620
2011	N/A	N/A	N/A	N/A	N/A	N/A	194,251,111	N/A	N/A	0.637	0.637	201,671,353
2010	N/A	N/A	N/A	N/A	N/A	N/A	194,789,377	N/A	N/A	0.611	0.611	202,641,353
2009	N/A	N/A	N/A	N/A	N/A	N/A	198,952,981	N/A	N/A	0.577	0.577	187,362,785
2008	N/A	N/A	N/A	N/A	N/A	N/A	202,947,669	N/A	N/A	0.545	0.545	196,172,249
2007	N/A	N/A	N/A	N/A	N/A	N/A	73,472,301	N/A	N/A	1.471	1.471	191,833,684
2006	N/A	N/A	N/A	N/A	N/A	N/A	72,527,414	N/A	N/A	1.457	1.457	130,729,838
2005	N/A	N/A	N/A	N/A	N/A	N/A	72,146,105	N/A	N/A	1.420	1.420	110,581,631

(r) - Reassessment
 Source: County Abstract of Rates & Municipal Tax Assessor

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
BASS RIVER TOWNSHIP
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED JUNE 30,	Bass River Township School District Direct GENERAL			OVERLAPPING RATES				TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	OBLIGATION DEBT SERVICE	TOTAL DIRECT	TOWNSHIP OF BASS RIVER	BURLINGTON COUNTY	PINELANDS REGIONAL SCHOOL DISTRICT		
2014 (r)	0.838		0.838	0.131	0.419	0.648	2.036	
2013	0.669		0.669	0.107	0.357	0.513	1.646	
2012	0.637		0.637	0.056	0.372	0.494	1.559	
2011	0.621		0.621	0.041	0.376	0.474	1.512	
2010	0.611		0.611	0.042	0.394	0.479	1.526	
2009	0.577		0.577	0.012	0.353	0.433	1.375	
2008	0.545		0.545	0.011	0.377	0.404	1.337	
2007	1.401	0.070	1.471		1.003	0.996	3.470	
2006	1.387	0.070	1.457		0.798	0.999	3.254	
2005	1.348	0.072	1.420		0.701	1.139	3.260	

(r) Reassessment
Source: Municipal Tax Collector

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAX PAYERS
 CURRENT YEAR AND NINE YEARS AGO**

TAXPAYER	2014			2005		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
			NOT AVAILABLE			
Total	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>

Source: Municipal Tax Assessor

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2014	\$1,263,753	1,263,753	100.00%	-
2013	1,238,974	1,135,726	91.67%	-
2012	1,214,680	1,214,680	100.00%	-
2011	2,954,269	2,805,337	94.96%	N/A
2010	2,985,799	2,811,748	94.17%	N/A
2009	2,735,750	2,535,476	92.69%	N/A
2008	2,716,927	2,449,045	93.14%	N/A
2007	2,585,501	2,281,897	94.72%	N/A
2006	2,405,076	2,208,447	94.88%	N/A
2005	2,383,678	2,138,630	92.69%	N/A

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

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

<u>GOVERNMENTAL ACTIVITIES</u>						
FISCAL YEAR ENDED JUNE, 30	GENERAL OBLIGATION BONDS	CAPITAL LEASES	TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA PERSONAL INCOME	
2014	\$ -	\$ 163,277	\$ 163,277	N/A	N/A	
2013	-	294,012	294,012	N/A	N/A	
2012	-	-	-	N/A	51,079	
2011	-	-	-	N/A	49,626	
2010	-	-	-	N/A	47,849	
2009	-	-	-	N/A	47,582	
2008	-	-	-	N/A	47,985	
2007	53,000	-	53,000	113.97%	46,505	
2006	153,000	-	153,000	342.15%	44,717	
2005	253,000	-	253,000	600.08%	42,161	

* = The Per Capital Income information presented is for the entire County of Burlington.

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

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

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				
2014	-	-	-	-	0.00%	N/A
2013	-	-	-	-	0.00%	N/A
2012	-	-	-	-	0.00%	51,079
2011	-	-	-	-	0.00%	49,626
2010	-	-	-	-	0.00%	47,849
2009	-	-	-	-	0.00%	47,582
2008	-	-	-	-	0.00%	47,985
2007	53,000	-	-	53,000	0.07%	46,505
2006	153,000	-	-	153,000	0.21%	44,717
2005	253,000	-	-	253,000	0.35%	42,161

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2014**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Local Municipality	\$ 123,925	100.00%	\$ 123,925
Pinelands Regional School District	10,275,999	4.78%	491,193
County of Burlington	318,797,148	0.39%	<u>1,232,537</u>
Subtotal, Overlapping Debt			1,847,655
Local School District Direct Debt			<u>163,277</u>
Total Direct & Overlapping Debt			<u><u>\$ 2,010,932</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Burlington County Board of Taxation.

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

(Dollars in Thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Debt Limit	\$ 6,362,395	\$ 6,725,794	\$ 4,846,216	\$ 4,844,320	\$ 4,860,064	\$ 4,588,380	\$ 4,086,104	\$ 3,377,435	\$ 2,703,174	\$ 2,723,254
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	53,000	153,000	253,000
Legal Debt Margin	\$ 6,362,395	\$ 6,725,794	\$ 4,846,216	\$ 4,844,320	\$ 4,860,064	\$ 4,588,380	\$ 4,086,104	\$ 3,324,435	\$ 2,550,174	\$ 2,470,254
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.57%	5.66%	9.29%

Legal Debt Margin Calculation for Fiscal Year 2014

Equalized Valuation Basis	
2013	\$ 175,151,625
2012	181,704,543
2011	188,491,996
	<u>\$ 545,348,164</u>
Average Equalized Valuation of Taxable Property	<u>\$ 181,782,721</u>
Debt Limit (2.50% of Average Equalization Value) Net Bonded School Debt	\$ 6,362,395
Legal Debt Margin	<u>\$ 6,362,395</u>

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

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION	PERSONAL		PER CAPITA	UNEMPLOYMENT RATE
		INCOME	INCOME	PERSONAL INCOME	
BASS RIVER TOWNSHIP					
2014	N/A	N/A	N/A	N/A	N/A
2013	1,439	N/A	N/A	N/A	12.3%
2012	1,440	\$ 73,553,760	\$ 51,079		9.2%
2011	1,447	71,808,822	49,626		9.0%
2010	1,444	69,093,956	47,849		9.0%
2009	1,541	73,323,862	47,582		8.7%
2008	1,547	74,232,795	47,985		5.1%
2007	1,551	72,129,255	46,505		3.7%
2006	1,562	69,847,954	44,717		4.1%
2005	1,551	65,391,711	42,161		3.7%

* 2010 Census

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

NOT AVAILABLE

**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Instruction:										
Regular	12.00	11.00	11.50	11.40	11.40	11.40	11.40	11.90	11.90	11.90
Special Education	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Other Special Education Instruction	2.00	2.00	0.80	0.80	0.80	0.80	0.80	0.60	0.60	0.60
Support Services:										
Student & Instruction Related Services	3.00	3.00	3.20	3.20	3.20	4.20	3.40	4.20	4.20	5.00
General Administrative Services	1.50	1.50	1.70	1.70	1.70	1.70	1.00	1.00	1.00	1.00
School Administrative Services	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.50	3.50	3.50
Business Administrative Services										
Plant Operations & Maintenance	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Other Support Services	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Food Service						1.60	1.60	1.60	1.60	1.60
Total	28.00	27.00	26.70	25.60	25.60	28.20	26.70	29.30	29.30	30.10

Source: District Personnel Records

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO		AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						ELEMENTARY SCHOOL	SCHOOL				
2014	113	\$2,562,925	22,681	16.24%	19	1:06	108.9	102.9	-11.82%	94.49%	
2013	126	2,458,560	19,512	16.63%	18	1:07	123.5	117.8	10.29%	95.38%	
2012	136	2,275,283	16,730	-4.60%	22	1:03	131.8	126.0	-6.40%	92.45%	
2011	121	2,121,954	17,537	-0.96%	18	1:07	119.5	113.5	-18.80%	93.75%	
2010	125	2,213,436	17,707	1.48%	18	1:08	127.7	120.0	-15.74%	93.75%	
2009	126	2,198,490	17,448	5.17%	20	1:16	107.0	101.3	-1.55%	91.34%	
2008	127	2,106,985	16,590	-4.76%	20	1:16	127.0	116.0	3.70%	91.34%	
2007	131	2,282,015	17,420	12.74%	20	1:16	129.0	119.0	5.39%	92.30%	
2006	135	2,085,885	15,451	9.81%	20	1:17	134.9	124.8	3.23%	92.51%	
2005	129	1,815,125	14,071	8.22%	20	1:16	128.0	120.0	3.23%	93.75%	

Sources: District records

Note: Enrollment based on annual October district count.

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

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).

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEAR**

DISTRICT BUILDING	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Bass River Township Elementary School										
Square Feet	45,299	45,299	45,299	45,299	45,299	45,299	45,299	45,299	45,299	45,299
Capacity (Students)	205	205	205	205	205	205	205	205	205	205
Enrollment	113	126	136	121	119	126	127	131	135	129

Number of Schools at June 30, 2014:

Elementary School = 1

Middle School = 0

High School = 0

Other = 0

Source: District Facilities Office

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF REQUIRED MAINTENANCE
 LAST TEN FISCAL YEARS**

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

*** School Facilities**
 Project Numbers

Bass River Township
 Elementary School
 4950-060-04-1000

2014	\$	15,708
2013		27,149
2012		33,161
2011		21,812
2010		31,488
2009		72,044
2008		31,393
2007		16,735
2006		14,842
2005		14,001

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2014**

COMPANY	TYPE OF COVERAGE	DEDUCTIBLE
School Package Policy		
NJ School Board Association		
Property-Blanket Building & Contents	\$ 400,000,000	1,000
Commercial General Liability		
General Aggregate	3,000,000	N/A
Products & Completed Operations Aggreg	3,000,000	N/A
Personal & Advertising Injury	1,000,000	N/A
Each Occurrence	1,000,000	N/A
Fire Damage (Any on Fire)	1,000,000	N/A
Medical Expense (Any one Person)	10,000	N/A
Professional Liability	1,000,000	500
Comprehensive Automobile Liability		
Hired & Non Owned Only	1,000,000	N/A
Commercial Crime Policy		
Money-All risk In/Out	100,000	100
Computer & Scheduled Equipment		
Utica National Ins Group- Commercial Inland Marine		
Computers	32,500	250
Commercial Articles	3,750	250
Boiler & Machinery- Hartford Stm Boiler		
Boiler & Machinery	No Limit	500
Business Interruption	12 Months	500
Extra Expense	12 Months	500
Umbrella Liability- Commercial Umbrella Excess		
Umbrella Policy		
Liability Limit	2,000,000	N/A
Annual Aggregate	2,000,000	N/A
Retained Limit	10,000	N/A
Public Employee's Fidelity Bonds-		
Utica National Ins. Group		
Board Secretary	100,000	N/A
Treasurer of School Monies	180,000	N/A
Blanket Employee Dishonesty Bond	100,000	
Workers Compensation- NJ School Board Association		
Each Accident	2,000,000	N/A
Disease-Policy Limit	2,000,000	N/A
Disease-Each Employee	2,000,000	N/A
Workers Compensation- Utica Mutual Ins. Co		
Employee Liability	100%	N/A

SINGLE AUDIT SECTION

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EXHIBIT K-1

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

Honorable President and Members
of the Board of Education
Bass River Township
County of Burlington
New Gretna, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bass River Township School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Bass River Township School District's basic financial statements, and have issued our report thereon dated December 1, 2014.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bass River Township School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which are described in the accompanying schedule of findings and questioned costs as item 2014-001.

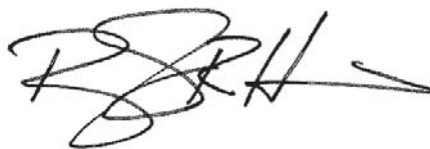
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information of the management of the Bass River Township School District, the New Jersey State Department of Education, 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.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read 'R. Haines', with a stylized flourish at the end.

Rodney R. Haines
Public School Accountant
Certified Public Accountant
No. 2198

Toms River, New Jersey
December 1, 2014



EXHIBIT K-2

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM;
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-
133 AND NEW JERSEY OMB CIRCULAR 04-04**

Honorable President and Members
of the Board of Education
Bass River Township
County of Burlington
New Gretna, New Jersey

Report on Compliance for Each Major State Program

We have audited Bass River Township School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey Grants Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2014. Bass River Township School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Bass River Township School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Bass River Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Bass River Township School District's compliance with those requirements.

Opinion on Each Major State Program

In our opinion, Bass River Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with New Jersey OMB's Circular 04-04 and which is described in the accompanying schedule of findings and questioned costs as item 2014-001. Our opinion on each major state program is not modified with respect to this matter.

Bass River Township School District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Bass River Township School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on this response.

Report on Internal Control Over Compliance

Management of Bass River Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bass River Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bass River Township School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-001, that we consider to be a significant deficiency.

Bass River Township School District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Bass River Township School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB's Circular 04-04. Accordingly, this report is not suitable for any other purpose.

This report is intended for the information of the management of the Bass River Township School District, the New Jersey State Department of Education, other 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.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read 'R. Haines', with a stylized flourish at the end.

Rodney R. Haines
Public School Accountant
Certified Public Accountant
No. 2198

Toms River, New Jersey
December 1, 2014

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**BASS RIVER TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT		CASH RECEIVED	BUDGETARY EXPENDITURES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2014	DUE TO GRANTOR JUNE 30, 2014	MEMO		
				JUNE 30, 2013	JUNE 30, 2014					BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES	
State Department of Education:												
General Fund:												
Equalization Aid	14-495-034-5120-078	\$ 638,484	7/1/13-6/30/14	\$ -	\$ 638,484	\$ (638,484)	\$ -	\$ -	\$ -	\$ -	\$ 638,484	
Transportation Aid	14-495-034-5120-014	25,972	7/1/13-6/30/14	-	25,972	(25,972)	-	-	-	-	25,972	
Special Education Categorical Aid	14-495-034-5120-089	67,203	7/1/13-6/30/14	-	67,203	(67,203)	-	-	-	-	67,203	
Security Aid	14-495-034-5120-084	22,124	7/1/13-6/30/14	-	22,124	(22,124)	-	-	-	-	22,124	
Adjustment Aid	14-495-034-5120-085	129,586	7/1/13-6/30/14	-	129,586	(129,586)	-	-	-	-	129,586	
On-Behalf TPAF Pension Contribution	14-495-034-5095-006	41,757	7/1/13-6/30/14	-	41,757	(41,757)	-	-	-	-	41,757	
On-Behalf TPAF Post-Retirement Medical	14-495-034-5095-006	68,466	7/1/13-6/30/14	-	68,466	(68,466)	-	-	-	-	68,466	
Reimbursed TPAF Social Security	14-495-034-5095-002	82,041	7/1/13-6/30/14	(3,845)	85,886	(82,041)	-	-	-	-	82,041	
Total General Fund				(3,845)	1,079,478	(1,075,633)					1,075,633	
Total State Financial Assistance				<u>\$ (3,845)</u>	<u>\$ 1,079,478</u>	<u>\$ (1,075,633)</u>					<u>\$ 1,075,633</u>	
Less: State Financial Assistance Not Subject to New Jersey OMB Circular 04-04												
On-Behalf TPAF Contribution - Pension (Non-Budgeted)											41,757	
On-Behalf TPAF Contribution - Post-Retirement Medical (Non-Budgeted)											68,466	
Total State Financial Assistance Subject to New Jersey OMB Circular 04-04											<u>\$ (965,410)</u>	

BASS RIVER TOWNSHIP SCHOOL DISTRICT**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2014****Note 1. General**

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

Note 2. Basis of Accounting

The accompanying schedule of expenditures of state financial assistance is presented on the budgetary basis of accounting. This basis of accounting is 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 revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A.18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(967) for the General Fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General Fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	State	Total
General Fund	<u>\$ 1,074,666</u>	<u>\$ 1,074,666</u>
Total Financial Assistance	<u>\$ 1,074,666</u>	<u>\$ 1,074,666</u>

BASS RIVER TOWNSHIP SCHOOL DISTRICT**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2014****Note 4. Relationship to State Financial Reports**

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

Note 5. Other

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2014. TPAF social security contributions represent the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2014.

Note 6. State Loans Outstanding

The Bass River Township School District had no loan balances outstanding at June 30, 2014.

**BASS RIVER TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2014**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	None Noted
2) Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to basic financial statements noted?	None Noted

State Awards

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes
Type of auditors’ report issued on compliance for major programs	<u>Unmodified</u>
Internal Control over major programs:	
1) Material weakness(es) identified?	None Noted
2) Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04	Yes

Identification of major programs:

GMIS Number(s)	Name of State Program
14-495-034-5120-078	Equalization Aid
14-495-034-5120-085	Adjustment Aid
14-495-034-5120-089	Categorical Special Education Aid
14-495-034-5120-084	Categorical Security Aid

BASS RIVER TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued)
For the Fiscal Year Ended June 30, 2014

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in a Circular A-133 audit.

Finding 2014-001:

Criteria:

N.J.A.C. 6A:23A-16.10 requires that a Board of Education cannot exceed the amount appropriated in the applicable line item account.

Condition:

Two budgetary line accounts were over-expended during the fiscal year and at June 30, 2014.

Context:

We noted that accounts 11-000-270-518 and 11-000-216-320 were over-expended by \$23,754 and \$6,913, respectively.

Cause:

The District unexpectedly had a student enroll in placement outside the District.

Effect:

Two budget appropriations were over-expended by a total of \$30,667.

Recommendation:

That the Business Administrator request a transfer of additional appropriations to cover purchase orders that may potentially cause over-expenditure of a line-item account.

Management's Response:

This finding will be corrected in the fiscal year ending June 30, 2015.

**BASS RIVER TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued)
For the Fiscal Year Ended June 30, 2014**

Section III – State Financial Assistance Finding & Questioned Costs

This section identifies audit findings required to be reported by New Jersey OMB's Circular Letter 04-04.

STATE AWARDS

Finding 2014-001:

Information on the State Program: GMIS #'s 14-495-034-5120-078; 14-495-034-5120-089; 14-495-034-5120-084 & 14-495-034-5120-085

Criteria:

N.J.A.C. 6A:23A-16.10 requires that a Board of Education cannot exceed the amount appropriated in the applicable line item account.

Condition:

Two budgetary line accounts were over-expended during the fiscal year and at June 30, 2014.

Questioned Costs:

None noted.

Context:

We noted that accounts 11-000-270-518 and 11-000-216-320 were over-expended by \$23,754 and \$6,913, respectively.

Cause:

The District unexpectedly had a student enroll in placement outside the District.

Effect:

Two budget appropriations were over-expended by a total of \$30,667.

Recommendation:

That the Business Administrator request a transfer of additional appropriations to cover purchase orders that may potentially cause over-expenditure of a line-item account.

Management's Response:

This finding will be corrected in the fiscal year ending June 30, 2015.

**BASS RIVER TOWNSHIP BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
For the Fiscal Year Ended June 30, 2014**

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

Finding 2013-01:

Condition:

Payrolls for the fiscal year were certified by the Secretary of the Board and the chief school administrator but not by the Board President.

Current Status:

Corrective action has been implemented.