

**SCHOOL DISTRICT
OF THE
TOWNSHIP OF DENVILLE**

**Denville Township Board of Education
Denville, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010**

**Comprehensive Annual
Financial Report**

of the

DENVILLE TOWNSHIP SCHOOL DISTRICT

Denville, New Jersey

For the Fiscal Year Ended June 30, 2010

Prepared by

**Denville Township Board of Education
Finance Department**

DENVILLE TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION



Denville Township Board of Education

501 Openaki Road, Denville, New Jersey 07834

John Serapiglia
 Business Administrator & Board Secretary
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 Fax: 973-366-2481

Board of Education

jserapiglia@denville.org

November 5, 2010

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

Dear Board Members:

The comprehensive annual financial report of the Denville Township School District (the "District") for the fiscal year ended June 30, 2010, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the various funds 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 Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, is included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Denville Township School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Denville Township School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for classified youngsters with special needs. The District completed the 2009-2010 fiscal year with an average daily enrollment of 1,904 students, which is an increase of 12 students or 0.63% from the previous year's enrollment. The following details the changes in the average daily student enrollment of the District over the last five years:

The Honorable President and Members of
the Board of Education
Denville Township School District
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Fiscal Year	Average Daily Enrollment	
	Student Enrollment	Percent Change
2009-2010	1,904	0.63%
2008-2009	1,892	-4.73%
2007-2008	1,986	6.55%
2006-2007	1,864	-1.58%
2005-2006	1,894	-2.42%

2) ECONOMIC CONDITION AND OUTLOOK: The Denville Township area is experiencing a modest period of development and expansion which may continue. Enrollment numbers for the upcoming year have dropped from previous years. Given the economic environment of the country as a whole, these drops may continue into the future. The Denville Township School District will continue to be affected by changes in state aid (significantly cut for the 2010-2011 school budget) as well as changes in law and regulations as it pertains to school budgets (especially changes in tax cap law).

3) MAJOR INITIATIVES:

Science

There is development and implementation of a newly written / revised curriculum that reflect the 2009 New Jersey Core Curriculum Content Standards. This curriculum is for grades K through 8. Classroom resources and professional development are provided to support instruction.

Comprehensive Health and Physical Education

There is development and implementation of a newly written / revised curriculum that reflect the 2009 New Jersey Core Curriculum Content Standards. This curriculum is for grades K through 8 and includes Physical Education, Health Education, as well as lessons for school counselors.

Art of Writing

There is development of a new middle school course focusing on writing to support core Language Arts Literacy instruction.

OnCourse

This is a pilot of an online lesson plan program to ensure consistent lesson design elements / format.

Algebra I and Geometry I course offerings are available at the middle school and are reflective of high school requirements/curriculum.

Fundations / Just Words

Professional development and materials will be used to support intense phonological instruction program designated to support students struggling in the area of literacy.

The Honorable President and Members of
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3) MAJOR INITIATIVES: Curriculum Development. (Cont'd)

Professional Development

Various professional development opportunities will be available to support balanced literacy, special education, and content specific articulation, ESL learners, math instruction, and utilizing assessment data to guide instruction.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2010.

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

7) DEBT ADMINISTRATION: At June 30, 2010, the District had \$4,140,000 in outstanding statutory debt. Bond referendums were approved by the affirmative vote of a majority of the legal voters present and voting at the School District elections on December 8, 1999 and December 12, 1995, which authorized the issuance of the school bonds. The proceeds of these bond issues were placed in the District's capital projects fund for use to provide funds for various capital improvements to the District's buildings and grounds.

At June 30, 2010, the District had no debt authorized but not issued.

The Honorable President and Members of
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8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

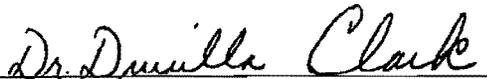
9) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. Health benefits are provided to District employees through Horizon Blue Cross/Blue Shield and dental benefits are provided through Delta Dental. Insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the District's CAFR.

10) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia & Company LLP, CPAs, was selected by the Board's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Denville Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

Respectfully submitted,

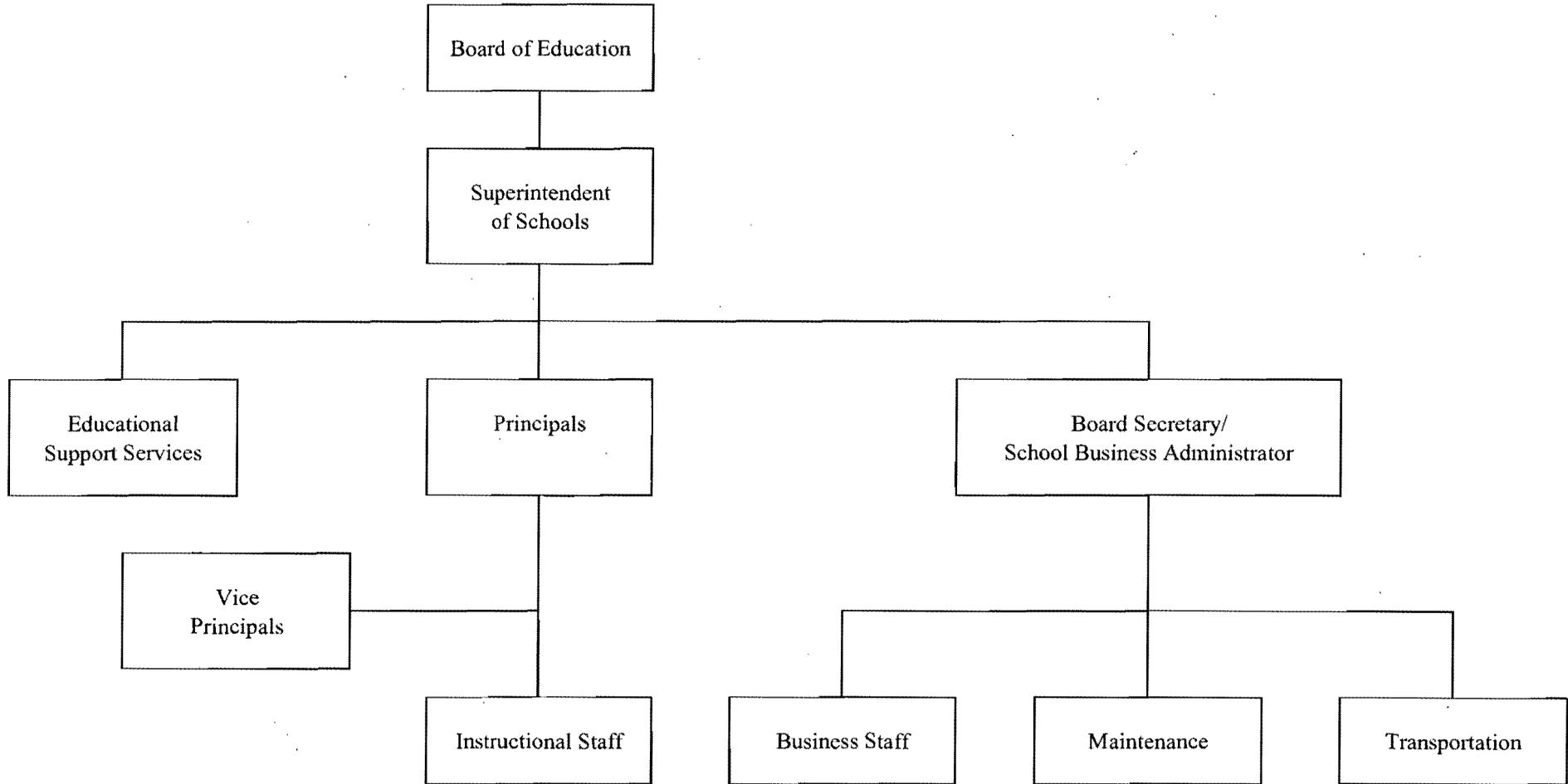


Dr. Drucilla Clark
Interim Superintendent



John Serapiglia
Business Administrator/Board Secretary

DENVILLE TOWNSHIP SCHOOL DISTRICT
Organizational Chart
(Unit Control)



**DENVILLE TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2010**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Seth Johnson, President	2011
Marianna Lindsay, Vice President	2011
Donald Casse	2013
David Napeloni	2013
Barbara DeLuna	2012
Daniel Muraszko	2012
John Paragian	2011

Other Officials

Title

Dr. Drucilla Clark	Superintendent of Schools
John Serapiglia	Board Secretary/School Business Administrator
Ann Marie Hople	Treasurer of School Monies

Attorney

Johnson, Murphy, Hubner,
McKeon, Wubbenhorst & Appelt
51 Route 23 South
Riverdale, NJ 07457

Audit Firm

Nisivoccia & Company LLP, CPAs
200 Valley Road, Suite 300
Mount Arlington, NJ 07856

Architect

Parette Somjen Architects
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Rockaway, NJ 07866

Official Depositories

Provident Bank
41 Broadway
Denville, NJ 07834

Bank of America
1125 Route 22 West
Bridgewater, NJ 08807

State of New Jersey Cash Management Fund
Division of Investment
Department of the Treasury
Trenton, NJ 08625

FINANCIAL SECTION



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 200 Valley Road, Suite 300
 Mount Arlington, NJ 07856
 Phone: 973-328-1825
 Fax: 973-328-0507

Lawrence Business Park
 11 Lawrence Road
 Newton, NJ 07860
 Phone: 973-383-6699
 Fax: 973-383-6555

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Denville Township School District in the County of Morris as of and for the fiscal year ended June 30, 2010 which collectively comprise the School District's basic financial statements, as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Denville Township School District in the County of Morris as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

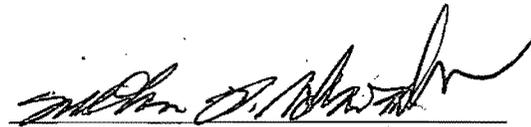
In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2010 on our consideration of the Board of Education of the Denville Township School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Mount Arlington, New Jersey
November 5, 2010

NISIVOCCIA & COMPANY LLP



William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**DENVILLE TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

This section of the Denville Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2010. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial status has remained relatively stable, in spite of relatively flat direct state aid for several years.
- Overall revenue was \$29.36 million.
- The District had a net reduction in its outstanding serial bonds payable of 10.00 percent due to the retirement of debt.

Overview of the Financial Statements

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

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

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

Figure A-1

Organization of the Denville Township School District's Financial Report

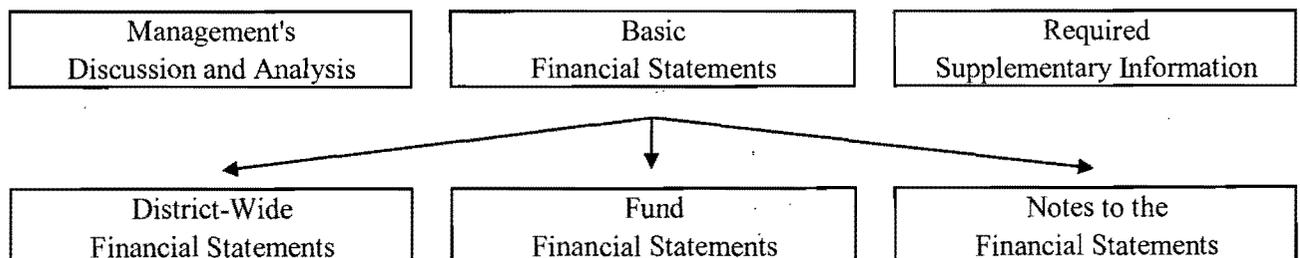


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Net Assets. The District's combined net assets decreased by 1.50%. Net assets from governmental activities decreased \$145,419 and net assets from business-type activities decreased by \$14,229. Net assets invested in capital assets, net of related debt, decreased \$402,645, restricted net assets decreased by \$40,297 and unrestricted net assets increased \$283,294.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010
Current and Other Assets	\$ 1,051,031	\$ 952,191	\$ 6,100	\$ 7,858	\$ 1,057,131	\$ 960,049	10.11%
Capital Assets, Net	15,714,230	15,788,655	5,977	20,170	15,720,207	15,808,825	-0.56%
Total Assets	16,765,261	16,740,846	12,077	28,028	16,777,338	16,768,874	0.05%
Long-Term Debt Outstanding	5,816,975	5,456,554			5,816,975	5,456,554	6.61%
Other Liabilities	504,139	694,726	6,099	7,821	510,238	702,547	-27.37%
Total Liabilities	6,321,114	6,151,280	6,099	7,821	6,327,213	6,159,101	2.73%
Net Assets:							
Invested in Capital Assets, Net of Related Debt	10,738,033	11,126,485	5,977	20,170	10,744,010	11,146,655	-3.61%
Restricted	280,436	320,733			280,436	320,733	-12.56%
Unrestricted/(Deficit)	(574,322)	(857,652)	1	37	(574,321)	(857,615)	33.03%
Total Net Assets	\$ 10,444,147	\$ 10,589,566	\$ 5,978	\$ 20,207	\$ 10,450,125	\$ 10,609,773	-1.50%

Changes in Net Assets. The District's combined net assets were \$10,450,125 on June 30, 2010, \$159,648 or 1.50% less than they were the year before (See Figure A-3). Net assets invested in capital assets, net of related debt, decreased by \$402,645 due to the \$1,152,529 increase in capital assets, the payment of \$460,000 in bond principal and \$847,953, in capital lease principal less \$1,130,324 in depreciation, the \$6,081 in amortized deferred interest, the \$1,615,899 of new capital leases and the \$110,823 of capital disposals. Restricted net assets decreased by \$40,297 as a result of an increase in reserve for encumbrances of \$26,307, interest earnings in the capital reserve account of \$170 and an increase of \$59,226 in the restricted net assets – debt service offset by an appropriation of restricted fund balance of \$126,000. Unrestricted net assets increased by \$283,294 or 33.03% (See Figure A-3).

Figure A-4
Changes in Net Assets from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010
Revenue:							
Program Revenue:							
Charges for Services		\$ 21,923	\$ 11,883	\$ 12,286	\$ 11,883	\$ 34,209	-65.26%
Grants and Contributions:							
Operating	\$ 4,123,752	3,898,363	23,109	29,791	4,146,861	3,928,154	5.57%
Capital	103,508				103,508		100.00%
General Revenue:							
Property Taxes	24,665,109	24,679,396			24,665,109	24,679,396	-0.06%
Federal and State Aid Not Restricted	341,953	255,355			341,953	255,355	33.91%
Other	86,718	32,029	1,119		87,837	32,029	174.24%
Total Revenue	29,321,040	28,887,066	36,111	42,077	29,357,151	28,929,143	1.48%
Expenses:							
Instruction	16,437,823	17,200,397			16,437,823	17,200,397	-4.43%
Pupil and Instruction Services	5,434,930	5,377,692			5,434,930	5,377,692	1.06%
Administrative and Business	2,660,168	2,504,910			2,660,168	2,504,910	6.20%
Maintenance and Operations	2,070,866	1,852,182			2,070,866	1,852,182	11.81%
Transportation	2,644,256	2,336,162			2,644,256	2,336,162	13.19%
Other	218,416	226,595	50,340	54,647	268,756	281,242	-4.44%
Total Expenses	29,466,459	29,497,938	50,340	54,647	29,516,799	29,552,585	-0.12%
Increase/(Decrease) in Net Assets	\$ (145,419)	\$ (610,872)	\$ (14,229)	\$ (12,570)	\$ (159,648)	\$ (623,442)	-74.39%

Revenue Sources. The District's total revenue for the 2009/2010 school year was \$29,357,151 (See Figure A-4). Property taxes accounted for most of the District's revenue, with local taxes accounting for \$24,665,109 of the total, or 84.02 percent (See Figure A-5). State formula aid and categorical grants accounted for 15.64 percent and the remainder was from other miscellaneous sources. It is important to note that of the categorical grants amount, \$748,685 is included in funds that are not paid to the District, but are included in funding for non-contributory insurance and post retirement contributions that the State of New Jersey is paying on behalf of the District. The Denville Township School District primarily conducts its operations from the revenue it receives from its local taxpayers.

Figure A-5
Sources of Revenue for Fiscal Year 2010

Sources of Income:	Amount	Percentage
State Formula Aid	\$ 1,742,044	5.93%
Property Taxes	24,665,109	84.02%
Federal and State Categorical Grants	2,850,278	9.71%
Charges for Services	11,883	0.04%
Other	87,837	0.30%
	\$ 29,357,151	100.00%

The total cost of all programs and services was \$29,516,799. The District's expenses are predominantly related to instructing, caring for (pupil and instruction services) and transporting students (83.06 percent) (See Figure A-6). The District's administrative and business activities accounted for 9.01 percent of total costs. It is important to note that depreciation of \$1,130,324 is included in expenses for the year.

Figure A-6
Expenses for Fiscal Year 2010

Expense Category:	Amount	Percentage
Instruction	\$ 16,437,823	55.69%
Pupil and Instruction Services	5,434,930	18.41%
Administrative and Business	2,660,168	9.01%
Maintenance and Operations	2,070,866	7.02%
Transportation	2,644,256	8.96%
Other	268,756	0.91%
	<u>\$ 29,516,799</u>	<u>100.00%</u>

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District remains relatively stable. Maintaining existing programs with increased enrollment, the provision of a multitude of special programs/services for disabled pupils, and increases in District health benefits costs places a great demand on the District's resources. As a result, careful management of expenses remains essential for the District to sustain its financial health.

Because state aid has remained relatively flat over the past few years, the burden of funding education in the District has fallen on property taxes. Therefore, it is crucial that the District examine its expenditures carefully, since any proposed increase to the school district budget will be funded entirely through property taxes.

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

Figure A-7
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2009/2010	2008/2009	2009/2010	2008/2009
Instruction	\$ 16,437,823	\$ 17,200,397	\$ 12,861,631	\$ 13,762,648
Pupil and Instruction Services	5,434,930	5,377,692	5,434,930	5,326,237
Administrative and Business	2,660,168	2,504,910	2,615,853	2,418,285
Maintenance and Operations	2,070,866	1,852,182	1,967,358	1,852,182
Transportation	2,644,256	2,336,162	2,141,011	1,991,705
Other	218,416	226,595	218,416	226,595
	<u>\$ 29,466,459</u>	<u>\$ 29,497,938</u>	<u>\$ 25,239,199</u>	<u>\$ 25,577,652</u>

- The cost of all governmental activities this year was \$29.47 million.
- The federal and state governments subsidized certain programs with grants and contributions
- Most of the District's costs, however, were financed by District taxpayers (\$24.67 million).
- A portion of governmental activities was financed with state aid based on the CEIFA formula.
- The remainder of governmental activities funding came from charges for services, local grants, investment earnings and miscellaneous revenue.

Business-Type Activities

Net assets from the District's business-type activities, food service, decreased by \$14,229 primarily due to disposal of assets, net of accumulated depreciation (Refer to Figure A-4).

Financial Analysis of the District's Funds

The District's financial status improved despite difficult economic times which have had a direct impact upon the District's revenue sources. Interest from investments remained unfavorable as compared to years past. As overall revenue for the District diminishes, the amount of funds generated for this purpose likewise decreases. Ratables of the Municipality remain more or less stable, thus generating concern for the local tax levy in the future.

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

General Fund Budgetary Highlights

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

- Changes made within budgetary line items were in school-based needs for programs, textbooks, and teachers' salaries, increased utilities cost and legal and other professional services.

Capital Asset and Debt Administration

Figure A-8
Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District	
	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009
Land	\$ 105,150	\$ 105,150			\$ 105,150	\$ 105,150
Construction in Progress	205,535				205,535	
Buildings and Building Improvements	13,382,613	14,386,641			13,382,613	14,386,641
Machinery and Equipment	2,020,932	1,296,864	\$ 5,977	\$ 20,170	2,026,909	1,317,034
Total Capital Assets, Net of Depreciation	<u>\$ 15,714,230</u>	<u>\$ 15,788,655</u>	<u>\$ 5,977</u>	<u>\$ 20,170</u>	<u>\$ 15,720,207</u>	<u>\$ 15,808,825</u>

The District's overall capital assets decreased from the prior year due to depreciation expenses and disposals exceeding expenditures associated with the District's capital projects. (More detailed information about the District's capital assets is presented in Note 6 to the financial statements.)

Long-term Debt

At year-end, the District had \$4,085,268 in general obligation bonds – a reduction of \$453,919 from last year – as shown in Figure A-9. (More detailed information about the District’s long-term liabilities is presented in Note 8 to the financial statements.)

Figure A-9
Outstanding Long-Term Debt

	Total School District		Total Percentage Change 2009/2010
	2009/2010	2008/2009	
General Obligation Bonds, Net (Financed with Property Taxes)	\$ 4,085,268	\$ 4,539,187	-10.00%
Other Long-Term Liabilities	1,731,707	917,367	88.77%
	<u>\$ 5,816,975</u>	<u>\$ 5,456,554</u>	<u>6.61%</u>

- The District continued to pay down its debt, retiring \$460,000 of outstanding bonds.
- The District’s other liabilities increased as a result of the issuance of capital leases.
- The District’s other liabilities consist of capital leases and compensated absences payable.

Factors Bearing on the District’s Future Revenue/Expense Changes

At the time these financial statements were prepared and audited, the District was aware of four existing circumstances that could significantly affect its financial health in the future:

- Long-term projections for increases in student enrollment could potentially impact the financial resources of the District through the employment of additional teaching and support staff, as well as the needed space within the buildings.
- Market fluctuations in heating and electric costs, as well as gasoline, will impact the District’s financial resources.
- Changes in regulations by the State of New Jersey will affect the services offered to the students of the Denville Township School District.
- Space issues and maintenance issues within the schools will continue to be a concern for the District. Temporary solutions currently employed will need more permanent solutions in the future, especially as these temporary structures begin to break down. The District will have to dedicate its financial resources towards solving these issues as well as repairing the major capital issue within the schools.

Contacting the District’s Financial Management

This financial report is designed to provide the District’s citizens, taxpayers and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 501 Openaki Road, Denville, New Jersey 07646.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

DENVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 281,882	\$ 4,606	\$ 286,488
Receivables from Other Governments	666,837	1,494	668,331
Unamortized Bond Issuance Costs	102,142		102,142
Restricted Assets:			
Capital Reserve Account - Cash	170		170
Capital Assets:			
Sites (Land)	105,150		105,150
Construction in Progress	205,535		205,535
Depreciable Buildings and Building Improvements and Machinery and Equipment	15,403,545	5,977	15,409,522
Total Assets	<u>16,765,261</u>	<u>12,077</u>	<u>16,777,338</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable - Vendors	264,774	6,099	270,873
Accrued Interest Payable	57,802		57,802
Payable to Federal Government	23,833		23,833
Payable to State Government	944		944
Deferred Revenue	7,112		7,112
Unamortized Bond Premium	149,674		149,674
Noncurrent Liabilities:			
Due Within One Year	1,111,685		1,111,685
Due Beyond one Year	4,705,290		4,705,290
Total liabilities	<u>6,321,114</u>	<u>6,099</u>	<u>6,327,213</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	10,738,033	5,977	10,744,010
Restricted for:			
Capital Projects	170		170
Debt Service	59,226		59,226
Other Purposes	221,040		221,040
Unrestricted/(Deficit)	(574,322)	1	(574,321)
Total Net Assets	<u>\$ 10,444,147</u>	<u>\$ 5,978</u>	<u>\$ 10,450,125</u>

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 11,753,144		\$ 1,275,315		\$ (10,477,829)		\$ (10,477,829)
Special Education	4,143,956		2,256,531		(1,887,425)		(1,887,425)
Other Special Instruction	415,583		44,346		(371,237)		(371,237)
Other Instruction	125,140				(125,140)		(125,140)
Support Services:							
Tuition	1,220,975				(1,220,975)		(1,220,975)
Student & Instruction Related Services	4,213,955				(4,213,955)		(4,213,955)
General Administrative Services	737,611				(737,611)		(737,611)
School Administrative Services	1,281,289		44,315		(1,236,974)		(1,236,974)
Central Services	388,864				(388,864)		(388,864)
Administration Information Technology	252,404				(252,404)		(252,404)
Plant Operations and Maintenance	2,070,866			\$ 103,508	(1,967,358)		(1,967,358)
Pupil Transportation	2,644,256		503,245		(2,141,011)		(2,141,011)
Transfer to Charter Schools	64,283				(64,283)		(64,283)
Interest on Long-Term Debt	154,133				(154,133)		(154,133)
Total Governmental Activities	29,466,459		4,123,752	103,508	(25,239,199)		(25,239,199)

DENVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:							
Food Service	\$ 36,733	\$ 11,883	\$ 23,109			\$ (1,741)	\$ (1,741)
Total Business-Type Activities	36,733	11,883	23,109			(1,741)	(1,741)
Total Primary Government	\$ 29,503,192	\$ 11,883	\$ 4,146,861	\$ 103,508	\$ (25,239,199)	(1,741)	(25,240,940)
General Revenues:							
Taxes:							
					24,243,496		24,243,496
					421,613		421,613
					341,953		341,953
					87,837		87,837
					(1,119)	1,119	
					25,093,780	1,119	25,094,899
					(145,419)	(622)	(146,041)
						(13,607)	(13,607)
					(145,419)	(14,229)	(159,648)
					10,589,566	20,207	10,609,773
					\$ 10,444,147	\$ 5,978	\$ 10,450,125

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

FUND FINANCIAL STATEMENTS

DENVILLE TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 118,634		\$ 128,487	\$ 34,761	\$ 281,882
Interfund Receivables	335,623			24,465	360,088
Receivables from State Government	332,414		103,508		435,922
Receivables from Federal Government		\$ 230,915			230,915
Restricted Cash and Cash Equivalents	170				170
Total Assets	<u>\$ 786,841</u>	<u>\$ 230,915</u>	<u>\$ 231,995</u>	<u>\$ 59,226</u>	<u>\$ 1,308,977</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable - Vendors	\$ 193,841	\$ 70,933			\$ 264,774
Interfund Payable		128,093	\$ 231,995		360,088
Payable to Federal Government		23,833			23,833
Payable to State Government		944			944
Deferred Revenue		7,112			7,112
Total Liabilities	<u>193,841</u>	<u>230,915</u>	<u>231,995</u>		<u>656,751</u>
Fund Balances:					
Reserved for:					
Encumbrances	26,307				26,307
Capital Reserve Account	170				170
Waiver Offset Reserve Account - Designated for Subsequent Year's Expenditures	194,733				194,733
Unreserved, Reported in:					
Designated for Subsequent Year's Expenditures				\$ 20,927	20,927
General Fund	371,790				371,790
Debt Service Fund				38,299	38,299
Total Fund Balances	<u>593,000</u>			<u>59,226</u>	<u>652,226</u>
Total Liabilities and Fund Balances	<u>\$ 786,841</u>	<u>\$ 230,915</u>	<u>\$ 231,995</u>	<u>\$ 59,226</u>	

Amounts Reported for Governmental Activities in the Statement of Net Assets (A-1) are Different Because:
Net Assets (A-1) are Different Because:

Capital Assets used in governmental activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$25,455,934 and the accumulated depreciation is \$9,741,704.	15,714,230
Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.	(57,802)
Bond Issuance Costs are Reported as expenditures in the Governmental Funds. The Cost is \$113,491 and the Amortization is \$11,349.	102,142
Bond Premiums are Reported as revenue in the Governmental Funds. The Premium is \$166,304 and the Amortization is \$16,630.	(149,674)
Long-Term Liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds (see Note 8)	(5,816,975)
Net Assets of Governmental Activities	<u>\$ 10,444,147</u>

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources:					
Local Tax Levy	\$ 24,243,496			\$ 421,613	\$ 24,665,109
Interest on Capital Reserve Funds	170				170
Miscellaneous	73,833			13,834	87,667
Total - Local Sources	<u>24,317,499</u>			<u>435,447</u>	<u>24,752,946</u>
State Sources	3,656,413	\$ 68,601	\$ 103,508	192,731	4,021,253
Federal Sources		547,960			547,960
Total Revenues	<u>27,973,912</u>	<u>616,561</u>	<u>103,508</u>	<u>628,178</u>	<u>29,322,159</u>
EXPENDITURES					
Current:					
Regular Instruction	8,354,224	126,571			8,480,795
Special Education Instruction	2,574,510	464,093			3,038,603
Other Special Instruction	292,089				292,089
Other Instruction	95,987				95,987
Support Services and Undistributed Costs:					
Tuition	1,220,975				1,220,975
Student & Instruction Related Services	3,143,015				3,143,015
General Administrative Services	440,404				440,404
School Administrative Services	931,968				931,968
Central Services	297,656				297,656
Administration Information Technology	211,105				211,105
Plant Operations and Maintenance	1,629,247				1,629,247
Pupil Transportation	1,506,259				1,506,259
Allocated and Unallocated Benefits	6,127,054				6,127,054

DENVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES					
Debt Service:					
Principal				\$ 460,000	\$ 460,000
Interest and Other Charges				133,417	133,417
Capital Outlay	\$ 921,097	\$ 25,897	\$ 205,535		1,152,529
Transfer of Funds to Charter Schools	64,283				64,283
Total Expenditures	<u>27,809,873</u>	<u>616,561</u>	<u>205,535</u>	<u>593,417</u>	<u>29,225,386</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>164,039</u>	<u>-0-</u>	<u>(102,027)</u>	<u>34,761</u>	<u>96,773</u>
OTHER FINANCING SOURCES/(USES)					
Capital Leases (non-budgeted)	209,208				209,208
Transfers In			102,027	24,465	126,492
Transfers Out	(127,611)				(127,611)
Total Other Financing Sources/(Uses)	<u>81,597</u>	<u>-0-</u>	<u>102,027</u>	<u>24,465</u>	<u>208,089</u>
Net Change in Fund Balances	245,636			59,226	304,862
Fund Balance—July 1	347,364				347,364
Fund Balance—June 30	<u>\$ 593,000</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 59,226</u>	<u>\$ 652,226</u>

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

DENVILLE 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 FISCAL YEAR ENDED JUNE 30, 2010

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ 304,862
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation and disposal of assets with carrying value exceeded capital outlays in the period.		
	Depreciation expense	\$ (1,129,877)
	Capital outlays	1,152,529
	Disposal of Assets with Carrying Value	<u>(97,077)</u>
		(74,425)
Repayment of debt service principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		460,000
The governmental funds report the effect of bond issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities over the life of the bonds.		(11,349)
Also, the governmental funds report the effect of deferred interest costs relative to an advance refunding when debt is first issued whereas these amounts are deferred and amortized in the statement of activities.		(6,081)
Finally, the governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		16,630
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).		(20,716)
Capital leases are a financing source in the governmental funds. They are not revenue in the statement of activities; capital leases increase long-term liabilities in the statement of net assets.		(1,615,899)
Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		847,953
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		<u>(46,394)</u>
Change in Net Assets of Governmental Activities		<u>\$ (145,419)</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AS OF JUNE 30, 2010

	<u>Business-type Activities - Enterprise Funds</u> <u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 4,606
Accounts Receivable:	
Federal	<u>1,494</u>
Total Current Assets	<u>6,100</u>
Non-Current Assets:	
Capital Assets	11,710
Less: Accumulated Depreciation	<u>(5,733)</u>
Total Non-Current Assets	<u>5,977</u>
Total Assets	<u>12,077</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable - Vendors	<u>6,099</u>
Total Current Liabilities	<u>6,099</u>
Total Liabilities	<u>6,099</u>
NET ASSETS:	
Investment in Capital Assets, Net of Related Debt	5,977
Unrestricted	<u>1</u>
Total Net Assets	<u>\$ 5,978</u>

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds <u>Food Service</u>
Operating Revenue:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 11,883
Total Operating Revenue	<u>11,883</u>
Operating Expenses:	
Cost of Sales	36,048
Depreciation	447
Miscellaneous Expenses	99
Total Operating Expenses	<u>36,594</u>
Operating (Loss)	(24,711)
Non-Operating Revenue:	
Federal Sources:	
Special Milk Program	23,109
Local Sources:	
Board Contribution	1,119
Total Non-Operating Revenue	<u>24,228</u>
Change in Net Assets Before Capital Asset Disposals	(483)
Capital Asset Disposals, Net of Accumulated Depreciation	<u>(13,746)</u>
Change in Net Assets	(14,229)
Net Assets - Beginning of Year	<u>20,207</u>
Net Assets - End of Year	<u>\$ 5,978</u>

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds <u>Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 11,883
Payments to Suppliers	<u>(37,869)</u>
Net Cash (Used for) Operating Activities	<u>(25,986)</u>
Cash Flows from Noncapital Financing Activities:	
Federal Sources - Special Milk Program	27,021
Local Sources - Board Contribution	<u>1,119</u>
Net Cash Provided by Noncapital Financing Activities	<u>28,140</u>
Net Decrease in Cash and Cash Equivalents	2,154
Cash and Cash Equivalents, July 1	<u>2,452</u>
Cash and Cash Equivalents, June 30	<u>\$ 4,606</u>
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (24,711)
Adjustment to Reconcile Operating (Loss) to Cash (Used for) Operating Activities:	
Depreciation	447
Changes in Assets and Liabilities:	
(Decrease) in Accounts Payable	<u>(1,722)</u>
Net Cash (Used for) Operating Activities	<u>\$ (25,986)</u>

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2010

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>
ASSETS:		
Cash and Cash Equivalents	\$ 27,343	\$ 97,336
Total Assets	<u>27,343</u>	<u>97,336</u>
LIABILITIES:		
Accounts Payable - Vendors	15,136	
Payroll Deductions and Withholdings	(3,445)	
Due to Student Groups	<u>15,652</u>	
Total Liabilities	<u>27,343</u>	
NET ASSETS:		
Held in Trust for Unemployment Claims		<u>97,336</u>
Total Net Assets	<u>\$ -0-</u>	<u>\$ 97,336</u>

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Plan Member	\$ 27,503
Total Contributions	<u>27,503</u>
Investment Earnings:	
Interest	<u>367</u>
Net Investment Earnings	<u>367</u>
Total Additions	<u>27,870</u>
DEDUCTIONS:	
Quarterly Contribution Reports	<u>63,596</u>
Total Deductions	<u>63,596</u>
Change in Net Assets	(35,726)
Net Assets - Beginning of the Year	<u>133,062</u>
Net Assets - End of the Year	<u><u>\$ 97,336</u></u>

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

D. Budgets/Budgetary Control:

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

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

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

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

	General Fund	Special Revenue Fund
	<u> </u>	<u> </u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 27,988,720	\$ 618,773
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, while the GAAP Basis does not:		(2,212)
State Aid Payment Recognized for GAAP Statements, not Recognized for Budgetary Purposes	147,088	
State Aid Payment Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(161,896)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 27,973,912</u>	<u>\$ 616,561</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010
 (Continued)

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

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 27,809,873	\$ 618,773
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		(2,212)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 27,809,873	\$ 616,561

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

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

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

F. Interfund Transactions:

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

F. Interfund Transactions: (Cont'd)

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2010.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost, including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

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

	<u>Estimated Useful Life</u>
Buildings	40 years
Building Improvements	20 years
Machinery and Equipment	10 to 15 years
Vehicles	10 to 12 years
Computer and Related Technology	5 to 7 years

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

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond discounts, as well as bond issuance costs, as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2010.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

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

N. Compensated Absences:

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

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

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

O. Deferred Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$593,000 General Fund fund balance at June 30, 2010, \$26,307 is reserved for encumbrances, \$170 is reserved in the capital reserve account; \$194,733 is reserved in the waiver offset reserve account which is designated to be used in the fiscal year ending June 30, 2011; and \$371,790 is undesignated which is \$161,896 less than the calculated maximum unreserved fund balance, on a GAAP basis, due to the final two state aid payments not being recognized until the fiscal year ended June 30, 2011.

Debt Service Fund: Of the \$59,226 Debt Service Fund fund balance at June 30, 2010, \$20,927 is unreserved and designated for expenditures for the year ending June 30, 2011 and \$38,299 is unreserved and undesignated.

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

The District's unreserved/undesignated fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$161,896 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

Q. Fund Balance Reserves:

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

R. Net Assets:

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

S. Deficit Net Assets

The \$574,322 deficit in unrestricted governmental net assets primarily results from the accrual of \$57,802 in accrued interest payable, \$149,674 of the unamortized bond premium and \$840,778 in accrued compensated absences offset by unamortized bond issuance costs of \$102,142. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

Deposits: (Cont'd)

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

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

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

Investments

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

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

As of June 30, 2010, cash and cash equivalents and investments of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Capital Reserve Account</u>	<u>Total</u>
Checking Accounts	\$ 269,154	\$ 170	\$ 269,324
State of New Jersey Cash Management Fund	142,013		142,013
	<u>\$ 411,167</u>	<u>\$ 170</u>	<u>\$ 411,337</u>

During the period ended June 30, 2010, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2010 was \$411,337 and the bank balance was \$1,028,827. The \$142,013 in the State of New Jersey Cash Management Fund is uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2009 to June 30, 2010 fiscal year is as follows:

Beginning Balance, July 1, 2009	\$ 789
Interest Earnings	170
Budgeted Withdrawals	<u>(789)</u>
Ending Balance, June 30, 2010	<u>\$ 170</u>

The balance in the capital reserve account did not exceed the balance of local support costs of uncompleted capital projects in the District's LRFP. There was a budgeted withdrawal from the capital reserve for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2010, the District transferred funds between the capital outlay accounts which did not require approval from the County Superintendent.

DENVERVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2010 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 105,150			\$ 105,150
Construction in Progress		\$ 205,535		205,535
Total Capital Assets Not Being Depreciated	105,150	205,535		310,685
Capital Assets Being Depreciated:				
Buildings and Building Improvements	22,156,148		(234,376)	21,921,772
Machinery and Equipment	3,823,356	946,994	(1,546,873)	3,223,477
Total Capital Assets Being Depreciated	25,979,504	946,994	(1,781,249)	25,145,249
Governmental Activities Capital Assets	26,084,654	1,152,529	(1,781,249)	25,455,934
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(7,769,507)	(875,930)	106,278	(8,539,159)
Machinery and Equipment	(2,526,492)	(253,947)	1,577,894	(1,202,545)
	(10,295,999)	(1,129,877)	1,684,172	(9,741,704)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 15,788,655	\$ 22,652	\$ (97,077)	\$ 15,714,230
	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 31,379		\$ (19,669)	\$ 11,710
Less Accumulated Depreciation	(11,209)	\$ (447)	5,923	(5,733)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 20,170	\$ (447)	\$ (13,746)	\$ 5,977

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 43,056
Special Education Instruction	14,229
Student and Instructional Support Services	227,282
General Administrative	207,723
School Administrative	31,238
Plant Operations and Maintenance	201,204
Pupil Transportation	405,145
	\$ 1,129,877

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 7. OPERATING LEASES

The District has commitments to lease computer equipment and accessories under operating leases which expire in 2008 through 2011. Total operating lease payments made during the fiscal year ended June 30, 2010 were \$17,065. Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2011	\$ 17,065
2012	4,266
Total Future Minimum Lease Payments	<u>\$ 21,331</u>

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2010, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance 6/30/2009</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance 6/30/2010</u>
Serial Bonds Payable	\$ 4,600,000		\$ 460,000	\$ 4,140,000
Less: Deferred Amount on Refunding	(60,813)		(6,081)	(54,732)
Net Serial Bonds Payable	4,539,187		453,919	4,085,268
Compensated Absences Payable	794,384	77,786	31,392	840,778
Capital Leases Payable	122,983	1,615,899	847,953	890,929
	<u>\$ 5,456,554</u>	<u>\$ 1,693,685</u>	<u>\$ 1,333,264</u>	<u>\$ 5,816,975</u>

A. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2010 as follows:

<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
02/15/19	3.00% - 4.00%	<u>\$ 4,140,000</u>

The current portion of bonds payable at June 30, 2010 is \$445,000 and the long-term portion is \$3,695,000.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable: (Cont'd)

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

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 445,000	\$ 154,138	\$ 599,138
2012	455,000	140,788	595,788
2013	475,000	126,000	601,000
2014	490,000	109,375	599,375
2015	495,000	91,000	586,000
2016-2019	1,780,000	167,400	1,947,400
	<u>\$ 4,140,000</u>	<u>\$ 788,701</u>	<u>\$ 4,928,701</u>

On April 15, 2009, the Denville Township School District issued \$4,600,000 refunding bonds with interest rates ranging from 3.00% to 4.00% to advance refund \$4,592,000 school bonds with interest rates of 4.45%. The refunding bonds mature on February 15, 2010 through 2019 and February 15, 2010 is the first optional redemption date at 100% of par. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the school bonds are called on February 15, 2019. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's financial statements.

As a result of the advance refunding, the District reduced its total debt service requirements by \$196,400, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$170,247.

B. Bonds Authorized But Not Issued:

As of June 30, 2010, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

The District is leasing photocopiers, computer equipment and school buses under capital leases. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2010.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

C. Capital Leases Payable: (Cont'd)

<u>Year Ending June 30,</u>	<u>Amount</u>
2010	\$ 688,145
2011	147,231
2011	39,062
2011	35,103
2011	8,776
Total Minimum Lease Payments	<u>918,317</u>
Less: Amount Representing Interest	<u>(27,388)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$ 890,929</u></u>

The current portion of Capital Leases payable at June 30, 2010 is \$666,685 and the long-term portion is \$224,244.

Capital leases will be liquidated by the General Fund.

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The long-term liability balance of compensated absences is \$840,778. There is no current portion of the compensated absences liability at June 30, 2010. The General Fund will be used to liquidate compensated absences payable.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2010, no liability existed for compensated absences in the Food Service Fund.

NOTE 9. PENSION PLANS

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

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

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

<u>Year Funding</u> <u>June 30,</u>	<u>Annual</u> <u>Pension Cost</u> <u>(APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2010	\$ -0-	100.00%	\$ -0-
2009	-0-	100.00%	-0-
2008	756,574	100.00%	756,574

Three-Year Trend for PERS

<u>Year Funding</u> <u>June 30,</u>	<u>Annual</u> <u>Pension Cost</u> <u>(APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2010	\$ 238,396	100.00%	\$ 238,396
2009	227,741	100.00%	227,741
2008	186,623	80.00%	149,298

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

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 10. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required the TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of the post-retirement medical premiums 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 attributed 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 \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members for Fiscal Year 2009.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$710,837, \$695,771 and \$744,368 for 2010, 2009 and 2008, respectively.

NOTE 11. RISK MANAGEMENT

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. Health benefits are provided to District employees through Horizon Blue Cross/Blue Shield and dental benefits are provided through Delta Dental.

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2009-2010	\$ -0-	\$ 367	\$ 27,503	\$ 63,596	\$ 97,336
2008-2009	-0-	1,885	26,809	40,973	133,062
2007-2008	-0-	5,319	10,000	5,392	145,341

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 12. ECONOMIC DEPENDENCY

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

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances existed as of June 30, 2010:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 335,623	
Special Revenue Fund		128,093
Capital Projects Fund		231,995
Debt Service Fund	24,465	
	<u>\$ 360,088</u>	<u>\$ 360,088</u>

The interfund between the General Fund and Capital Projects Fund represents an interfund loan due to SDA grant monies expended and requested but not yet received as of June 30, 2010. The interfund between the General Fund and Special Revenue Fund represents grant monies expended but not yet received as of June 30, 2010.

NOTE 14. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, 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:

- | | |
|---|---|
| Metropolitan Life Insurance Company | Great American Life Insurance Company |
| United of Omaha | Lincoln Investment Planning, Inc. |
| Copeland Companies | Variable Annuity Life Insurance Company (VALIC) |
| MetLife Investors | The Equitable |
| Lincoln National Life Insurance Company | Prudential Investments |

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 15. TAX CALENDAR

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

Taxes are collected by the constituent municipality and are remitted to the School District on a predetermined, agreed-upon schedule.

NOTE 16. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2010:

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>	
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Vendors	<u>\$ 193,841</u>	<u>\$ 70,933</u>	<u>\$ 264,774</u>	<u>\$ 6,099</u>	<u>\$ 15,136</u>

NOTE 17. COMMITMENTS AND CONTINGENCIES

The Board is periodically involved in claims or lawsuits arising in the normal course of business. The Board does not believe that the ultimate outcome of these cases would have a material adverse effect on the District's financial position.

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

BUDGETARY COMPARISON SCHEDULES

DENVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 24,243,496		\$ 24,243,496	\$ 24,243,496	
Interest Earned on Capital Reserve Funds				170	\$ 170
Miscellaneous	40,000	\$ 110,554	150,554	73,833	(76,721)
Total - Local Sources	<u>24,283,496</u>	<u>110,554</u>	<u>24,394,050</u>	<u>24,317,499</u>	<u>(76,551)</u>
State Sources:					
Categorical Special Education Aid	1,107,007	(16,654)	1,090,353	1,090,353	
Categorical Security Aid	145,680	4,046	149,726	149,726	
Adjustment Aid	125,615	(125,615)			
Categorical Transportation Aid	378,550	138,223	516,773	516,773	
Extraordinary Aid	157,711		157,711	289,592	131,881
On-Behalf TPAF Noncontributory Insurance Contributions (Non-Budgeted)				37,848	37,848
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				710,837	710,837
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				876,092	876,092
Total State Sources	<u>1,914,563</u>		<u>1,914,563</u>	<u>3,671,221</u>	<u>1,756,658</u>
TOTAL REVENUES	<u>26,198,059</u>	<u>110,554</u>	<u>26,308,613</u>	<u>27,988,720</u>	<u>1,680,107</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 216,547	\$ 50,577	\$ 267,124	\$ 266,439	\$ 685
Grades 1-5 - Salaries of Teachers	4,535,847	(4,051)	4,531,796	4,531,686	110
Grades 6-8 - Salaries of Teachers	2,570,865	(104,542)	2,466,323	2,466,323	
Regular Programs - Home Instruction:					
Salaries of Teachers	10,000	(6,600)	3,400	3,304	96
Purchased Professional - Educational Services	10,400	(6,340)	4,060	4,052	8
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	193,262	53,843	247,105	247,105	
Purchased Professional - Educational Services	8,502	(2,704)	5,798	5,798	
Purchased Technical Services	413,855	70,165	484,020	441,457	42,563
Other Purchased Services (400-500 series)	31,160	(9,809)	21,351	20,973	378
General Supplies	288,898	(30,332)	258,566	255,270	3,296
Textbooks	85,367	26,450	111,817	111,817	
Other Objects	8,945	(8,945)			
Total Regular Programs - Instruction	<u>8,373,648</u>	<u>27,712</u>	<u>8,401,360</u>	<u>8,354,224</u>	<u>47,136</u>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	638,392	8,718	647,110	647,110	
Other Salaries for Instruction	409,949	(66,830)	343,119	343,119	
General Supplies	20,000		20,000	18,421	1,579
Total Learning and/or Language Disabilities	<u>1,068,341</u>	<u>(58,112)</u>	<u>1,010,229</u>	<u>1,008,650</u>	<u>1,579</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 1,035,176	\$ (20,847)	\$ 1,014,329	\$ 1,014,236	\$ 93
Other Salaries for Instruction	227,092	(38,740)	188,352	188,352	
General Supplies	20,800		20,800	16,890	3,910
Total Resource Room/Resource Center	<u>1,283,068</u>	<u>(59,587)</u>	<u>1,223,481</u>	<u>1,219,478</u>	<u>4,003</u>
Preschool Disabilities - Part-time:					
Salaries of Teachers	203,731	2,735	206,466	206,466	
Other Salaries for Instruction	126,746	8,087	134,833	134,833	
Purchased Professional - Educational Services	10,000	(9,500)	500		500
General Supplies	6,000	(822)	5,178	5,083	95
Total Preschool Disabilities - Part-time	<u>346,477</u>	<u>500</u>	<u>346,977</u>	<u>346,382</u>	<u>595</u>
Total Special Education Instruction	<u>2,697,886</u>	<u>(117,199)</u>	<u>2,580,687</u>	<u>2,574,510</u>	<u>6,177</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	270,017	(20,927)	249,090	246,904	2,186
General Supplies	4,000	(2,900)	1,100	1,011	89
Total Basic Skills/Remedial - Instruction	<u>274,017</u>	<u>(23,827)</u>	<u>250,190</u>	<u>247,915</u>	<u>2,275</u>
Bilingual Education - Instruction:					
Salaries of Teachers	66,900	(23,327)	43,573	43,200	373
General Supplies	3,000		3,000	974	2,026
Total Bilingual Education - Instruction	<u>69,900</u>	<u>(23,327)</u>	<u>46,573</u>	<u>44,174</u>	<u>2,399</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
School-Sponsored Cocurricular Activities - Instruction:					
Salaries		\$ 92,014	\$ 92,014	\$ 92,014	
Purchased Services (300-500 series)		3,973	3,973	3,973	
Total School-Sponsored Cocurricular Activities - Instruction		95,987	95,987	95,987	
School-Sponsored Athletics - Instruction:					
Salaries	\$ 4,014	(4,014)			
Total School-Sponsored Athletics - Instruction	4,014	(4,014)			
Total Instruction	11,419,465	(44,668)	11,374,797	11,316,810	\$ 57,987
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	429,070	(87,810)	341,260	314,027	27,233
Tuition to Private Schools for the Disabled - Within the State	830,019	87,810	917,829	906,948	10,881
Total Undistributed Expenditures - Instruction:	1,259,089		1,259,089	1,220,975	38,114
Attendance and Social Work Services:					
Salaries	1,500	(1,347)	153		153
Total Attendance and Social Work Services	1,500	(1,347)	153		153
Health Services:					
Salaries	274,095	7,141	281,236	281,236	
Purchased Professional and Technical Services	500	(500)			
Supplies and Materials	9,650	(791)	8,859	8,857	2
Total Health Services	284,245	5,850	290,095	290,093	2

DENVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Other Support Services - Speech, OT, PT, and Related Services:					
Salaries	\$ 281,995	\$ 74,928	\$ 356,923	\$ 356,923	
Purchased Professional - Educational Services	235,000	(55,159)	179,841	178,613	\$ 1,228
Supplies and Materials	4,000	(1,500)	2,500	1,638	862
Total Other Support Services Speech, OT, PT, and Related Services	<u>520,995</u>	<u>18,269</u>	<u>539,264</u>	<u>537,174</u>	<u>2,090</u>
Other Support Services - Students - Extraordinary Services:					
Salaries	286,097	(57,191)	228,906	227,752	1,154
Purchased Professional - Educational Services	146,211	30,949	177,160	172,779	4,381
Supplies and Materials	5,000	(4,800)	200	200	200
Total Other Support Services - Students - Extraordinary Services	<u>437,308</u>	<u>(31,042)</u>	<u>406,266</u>	<u>400,531</u>	<u>5,735</u>
Other Support Services - Guidance:					
Salaries of Other Professional Staff	448,691	1,348	450,039	450,039	
Supplies and Materials	3,175	(147)	3,028	2,955	73
Total Other Support Services - Guidance	<u>451,866</u>	<u>1,201</u>	<u>453,067</u>	<u>452,994</u>	<u>73</u>
Other Support Services - Child Study Teams:					
Salaries of Other Professional Staff	674,332	12,252	686,584	686,584	
Salaries of Secretarial and Clerical Assistants	82,165		82,165	82,035	130
Purchased Professional - Educational Services	22,000	(14,201)	7,799	7,798	1
Miscellaneous Purchased Services	2,500	169	2,669	2,651	18
Supplies and Materials	11,898	(69)	11,829	11,480	349
Other Objects	12,000	(9,783)	2,217	2,217	
Total Other Support Services - Child Study Teams	<u>804,895</u>	<u>(11,632)</u>	<u>793,263</u>	<u>792,765</u>	<u>498</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	\$ 51,376	\$ 4,281	\$ 55,657	\$ 55,657	
Salaries of Other Professional Staff	30,000	(3,389)	26,611	7,060	\$ 19,551
Purchased Professional - Educational Services	1,000		1,000	950	50
Other Purchased Services (400-500 series)	2,000	(592)	1,408	680	728
Supplies and Materials	1,000	1,877	2,877	2,685	192
Total Improvement of Instructional Services	85,376	2,177	87,553	67,032	20,521
Educational Media Services/School Library:					
Salaries	196,658	4,615	201,273	201,273	
Other Purchased Services (400-500 series)	57,799	37,910	95,709	95,709	
Supplies and Materials	37,150	(3,619)	33,531	33,468	63
Other Objects		5,150	5,150	5,150	
Total Educational Media Services/School Library	291,607	44,056	335,663	335,600	63
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	51,376	(428)	50,948	50,948	
Salaries of Other Professional Staff	200,308	3,338	203,646	189,769	13,877
Purchased Professional - Educational Services	73,000	(46,282)	26,718	14,647	12,071
Other Purchased Services (400-500 series)	2,000	1,280	3,280	3,280	
Supplies and Materials	18,000	(2,392)	15,608	8,182	7,426
Total Instructional Staff Training Services	344,684	(44,484)	300,200	266,826	33,374

DENVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - General Administration:					
Salaries	\$ 223,856		\$ 223,856	\$ 223,302	\$ 554
Legal Services	20,000	\$ (5,000)	15,000	14,108	892
Audit Fees	26,390		26,390	26,390	
Architectural/Engineering Services		40,000	40,000	40,000	
Other Purchased Professional Services	63,440	29,330	92,770	90,665	2,105
Communications/Telephone	50,700	(36,027)	14,673	13,452	1,221
Miscellaneous Purchased Services (400-500 series)	8,500	(1,000)	7,500	7,154	346
General Supplies	5,000	(200)	4,800	4,790	10
Miscellaneous Expenditures	28,415	(7,770)	20,645	20,543	102
Total Support Services - General Administration	<u>426,301</u>	<u>19,333</u>	<u>445,634</u>	<u>440,404</u>	<u>5,230</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	560,268	29,160	589,428	589,428	
Salaries of Secretarial and Clerical Assistants	284,492	5,405	289,897	289,897	
Other Purchased Services (400-500 series)	26,754	(3,517)	23,237	22,665	572
Supplies and Materials	25,395	(3,372)	22,023	19,729	2,294
Other Objects	17,810	(7,509)	10,301	10,249	52
Total Support Services - School Administration	<u>914,719</u>	<u>20,167</u>	<u>934,886</u>	<u>931,968</u>	<u>2,918</u>
Central Services:					
Salaries	268,722	13,427	282,149	282,149	
Miscellaneous Purchased Services (400-500 series)		559	559	550	9
Supplies and Materials	2,500	6,275	8,775	8,754	21
Miscellaneous Expenditures	8,000	(1,786)	6,214	6,203	11
Total Central Services	<u>279,222</u>	<u>18,475</u>	<u>297,697</u>	<u>297,656</u>	<u>41</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Administration Information Technology:					
Salaries	\$ 126,888	\$ 1,243	\$ 128,131	\$ 128,131	
Other Purchased Services (400-500 series)	93,900	(14,114)	79,786	77,713	\$ 2,073
Supplies and Materials		5,261	5,261	5,261	
Total Administration Information Technology	<u>220,788</u>	<u>(7,610)</u>	<u>213,178</u>	<u>211,105</u>	<u>2,073</u>
Required Maintenance of School Facilities:					
Salaries	128,868	(4,481)	124,387	123,889	498
Cleaning, Repair and Maintenance Services	98,414	90,049	188,463	188,293	170
General Supplies	18,500	6,759	25,259	25,069	190
Other Objects	15,000	15,331	30,331	26,363	3,968
Total Required Maintenance of School Facilities	<u>260,782</u>	<u>107,658</u>	<u>368,440</u>	<u>363,614</u>	<u>4,826</u>
Custodial Services:					
Salaries	590,252	8,763	599,015	595,584	3,431
Cleaning, Repair and Maintenance Services	18,440	(4,649)	13,791	13,791	
Rental of Land and Building Other Than Lease-Purchase Agreements		6,501	6,501	6,501	
Other Purchased Property Services	17,000	(2,210)	14,790	14,754	36
Insurance	89,769	(2,783)	86,986	86,986	
General Supplies	65,200	(325)	64,875	63,912	963
Energy (Electricity)	303,750		303,750	239,346	64,404
Energy (Natural Gas)	301,500		301,500	239,346	62,154
Total Custodial Services	<u>1,385,911</u>	<u>5,297</u>	<u>1,391,208</u>	<u>1,260,220</u>	<u>130,988</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	\$ 1,000	\$ 1,459	\$ 2,459	\$ 2,459	
General Supplies	500	893	1,393	1,393	
Other Objects		1,561	1,561	1,561	
	<u>1,500</u>	<u>3,913</u>	<u>5,413</u>	<u>5,413</u>	
Total Care and Upkeep of Grounds					
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	715,197	(14,983)	700,214	700,214	
Between Home and School - Special Education	16,255	(2,228)	14,027	4,293	\$ 9,734
Other Than Between Home and School	21,674	67,993	89,667	89,667	
Cleaning, Repair and Maintenance Services	20,000	16,885	36,885	36,785	100
Lease Purchase Payments - School Buses	102,000	(18,237)	83,763	83,751	12
Contracted Services:					
Special Education Students - ESC's & CTSA's	430,000	(111,020)	318,980	314,307	4,673
Aid in Lieu - Nonpublic Schools	105,000	(5,870)	99,130	98,778	352
Miscellaneous Purchased Services - Transportation	25,000	(25,000)			
Supplies and Materials	140,000	2,999	142,999	142,197	802
Miscellaneous Expenditures	35,000	2,135	37,135	36,267	868
	<u>1,610,126</u>	<u>(87,326)</u>	<u>1,522,800</u>	<u>1,506,259</u>	<u>16,541</u>
Total Student Transportation Services					
Student Transportation Services - Employee Benefits:					
Social Security Contributions	19,846		19,846	19,846	
Workmen's Compensation	9,269	5,826	15,095	15,095	
Health Benefits	133,134	(71,023)	62,111	62,111	
	<u>162,249</u>	<u>(65,197)</u>	<u>97,052</u>	<u>97,052</u>	
Total Student Transportation Services - Employee Benefits					

DENVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Unallocated Benefits:					
Social Security Contributions	\$ 395,632	\$ (20,244)	\$ 375,388	\$ 375,388	
Other Retirement Contributions - Regular	227,741	10,655	238,396	238,396	
Workmen's Compensation	184,634		184,634	184,634	
Health Benefits	3,388,275	116,542	3,504,817	3,494,502	\$ 10,315
Tuition Reimbursement	50,000	480	50,480	49,652	828
Other Employee Benefits	25,000	37,653	62,653	62,653	
Total Unallocated Benefits	<u>4,271,282</u>	<u>145,086</u>	<u>4,416,368</u>	<u>4,405,225</u>	<u>11,143</u>
On-Behalf Contributions:					
On-Behalf TPAF Noncontributory Insurance Contributions (Non-Budgeted)				37,848	(37,848)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				710,837	(710,837)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				876,092	(876,092)
Total On-Behalf Contributions				<u>1,624,777</u>	<u>(1,624,777)</u>
Total Personal Services - Employee Benefits	<u>4,433,531</u>	<u>79,889</u>	<u>4,513,420</u>	<u>6,127,054</u>	<u>(1,613,634)</u>
Total Undistributed Expenses	<u>14,014,445</u>	<u>142,844</u>	<u>14,157,289</u>	<u>15,507,683</u>	<u>(1,350,394)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>25,433,910</u>	<u>98,176</u>	<u>25,532,086</u>	<u>26,824,493</u>	<u>(1,292,407)</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CAPITAL OUTLAY					
Regular Programs - Instruction:					
Grades 1-5	\$ 40,000	\$ (40,000)			
Grades 6-8	20,000	(20,000)			
Undistributed Expenditures:					
Support Services - Students - Special		8,800	\$ 8,800	\$ 8,800	
General Administration		43,315	43,315	43,315	
Operation and Maintenance of Plant Services		4,025	4,025	4,025	
Total Equipment	<u>60,000</u>	<u>(3,860)</u>	<u>56,140</u>	<u>56,140</u>	
Facilities Acquisition and Construction Services:					
Construction Services	180,543	(115,670)	64,873	63,979	\$ 894
Lease Purchase Agreements - Principal	598,821	(6,962)	591,859	591,770	89
Total Facilities Acquisition and Construction Services	<u>779,364</u>	<u>(122,632)</u>	<u>656,732</u>	<u>655,749</u>	<u>983</u>
Assets Acquired Under Capital Leases (non-budgeted)					
Undistributed Expenditures:					
School Administration				45,526	(45,526)
Student Transportation:					
School Buses - Regular				163,682	(163,682)
Total Assets Acquired Under Capital Leases (non-budgeted)				<u>209,208</u>	<u>(209,208)</u>
TOTAL CAPITAL OUTLAY	<u>839,364</u>	<u>(126,492)</u>	<u>712,872</u>	<u>921,097</u>	<u>(208,225)</u>
Transfer of Funds to Charter Schools	<u>53,024</u>	<u>11,259</u>	<u>64,283</u>	<u>64,283</u>	
TOTAL EXPENDITURES	<u>26,326,298</u>	<u>(17,057)</u>	<u>26,309,241</u>	<u>27,809,873</u>	<u>(1,500,632)</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(128,239)</u>	<u>127,611</u>	<u>(628)</u>	<u>178,847</u>	<u>179,475</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Financing Sources/(Uses):					
Capital Leases (non-budgeted)				\$ 209,208	\$ 209,208
Operating Transfers In/(Out):					
Transfer to Cover Deficit - Enterprise Fund		\$ (1,119)	\$ (1,119)	(1,119)	
Capital Outlay - Transfer to Capital Projects Fund		(126,492)	(126,492)	(126,492)	
Total Other Financing Sources/(Uses)		(127,611)	(127,611)	81,597	209,208
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing (Uses)	\$ (128,239)		(128,239)	260,444	388,683
Fund Balance, July 1	494,452		494,452	494,452	
Fund Balance, June 30	<u>\$ 366,213</u>		<u>\$ 366,213</u>	<u>\$ 754,896</u>	<u>\$ 388,683</u>
Recapitulation:					
Reserve for Encumbrances				\$ 26,307	
Capital Reserve				170	
Waiver Offset Reserve - Designated for Subsequent Year's Expenditures				194,733	
Unreserved - Undesignated				533,686	
				<u>754,896</u>	
Reconciliation to Governmental Fund Statement (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(161,896)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 593,000</u>	

DENVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 445,000	\$ 559,052	\$ 1,004,052	\$ 550,172	\$ (453,880)
State Sources	38,000	33,109	71,109	68,601	(2,508)
Local Sources		4,900	4,900		(4,900)
Total Revenues	483,000	597,061	1,080,061	618,773	(461,288)
EXPENDITURES:					
Instruction					
Salaries of Teachers	35,000	40,075	75,075	14,394	60,681
Purchased Professional - Educational Services	38,000	105,302	143,302	70,347	72,955
Tuition	390,000	(1,496)	388,504	374,633	13,871
Other Purchased Services		195,000	195,000		195,000
General Supplies	20,000	56,870	76,870	50,247	26,623
Textbooks		8,333	8,333	8,061	272
Other Objects		714	714	714	
Total Instruction	483,000	404,798	887,798	518,396	369,402
Support Services					
Personal Services - Employee Benefits		3,505	3,505	2,103	1,402
Purchased Professional - Educational Services		81,303	81,303	61,386	19,917
Other Purchased Services		23,280	23,280	355	22,925
Supplies and Materials		12,100	12,100	9,561	2,539
Other Objects		1,075	1,075	1,075	
Total Support Services		121,263	121,263	74,480	46,783

DENVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Facilities Acquisition and Construction Services:					
Instructional Equipment		\$ 71,000	\$ 71,000	\$ 25,897	\$ 45,103
Total Facilities Acquisition and Construction Services		71,000	71,000	25,897	45,103
Total Expenditures	\$ 483,000	597,061	1,080,061	618,773	461,288
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

DENVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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	\$ 27,988,720	\$ 618,773
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, while the GAAP Basis does not.		(2,212)
Prior Year State Aid Payment Recognized for GAAP Statements, not Recognized for Budgetary Purposes	147,088	
State Aid Payment Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(161,896)	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 \$ 27,973,912	 \$ 616,561
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 27,809,873	\$ 618,773
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		(2,212)
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 \$ 27,809,873	 \$ 616,561

Budgets/Budgetary Control:

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

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

DENVILLE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	No Child Left Behind						
	Title I	Title II, Part A	Title II, Part D	Title IV	Title II, Carryover	Nonpublic Textbooks	Nonpublic Nursing
REVENUE:							
State Sources						\$ 8,061	\$ 9,881
Federal Sources	\$ 23,612	\$ 29,812	\$ 253	\$ 3,938	\$ 355		
Total Revenue	23,612	29,812	253	3,938	355	8,061	9,881
EXPENDITURES:							
Instruction:							
Salaries of Teachers	9,638	3,421					
Purchased Professional Educational Services	2,000			3,050			
Tuition							
General Supplies	7,984			174			
Textbooks						8,061	
Other Objects				714			
Total Instruction	19,622	3,421		3,938		8,061	
Support Services:							
Personal Services - Employee Benefits	2,103						
Purchased Professional Educational Services		24,126	253				9,881
Other Purchased Professional Services					355		
Supplies and Materials	812	2,265					
Other Objects	1,075						
Total Support Services	3,990	26,391	253		355		9,881
Facilities Acquisition:							
Instructional Equipment							
Total Facilities Acquisition							
Total Expenditures	\$ 23,612	\$ 29,812	\$ 253	\$ 3,938	\$ 355	\$ 8,061	\$ 9,881

DENVILLE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	IDEA Part B				Nonpublic Auxiliary		
	Basic	Basic, Carryover	Preschool	ARRA Basic	ARRA Preschool	Comprehensive Education	English as a Second Language
REVENUE:							
State Sources						\$ 9,885	\$ 979
Federal Sources	\$ 362,580	\$ 58,010	\$ 8,152	\$ 62,382	\$ 1,078		
Total Revenue	362,580	58,010	8,152	62,382	1,078	9,885	979
EXPENDITURES:							
Instruction:							
Salaries of Teachers				1,335			
Purchased Professional Educational Services				14,638		9,885	979
Tuition	308,471	58,010	8,152				
General Supplies	37,191			3,820	1,078		
Textbooks							
Other Objects							
Total Instruction	345,662	58,010	8,152	19,793	1,078	9,885	979
Support Services:							
Personal Services - Employee Benefits							
Purchased Professional Educational Services	10,434			16,692			
Other Purchased Professional Services							
Supplies and Materials	6,484						
Other Objects							
Total Support Services	16,918			16,692			
Facilities Acquisition:							
Instructional Equipment				25,897			
Total Facilities Acquisition				25,897			
Total Expenditures	\$ 362,580	\$ 58,010	\$ 8,152	\$ 62,382	\$ 1,078	\$ 9,885	\$ 979

DENVILLE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Nonpublic Handicapped Services</u>			<u>Totals</u>
	<u>Supplemental Instruction</u>	<u>Exam and Classification</u>	<u>Corrective Speech</u>	
REVENUE:				
State Sources	\$ 10,751	\$ 18,463	\$ 10,581	\$ 68,601
Federal Sources				550,172
Total Revenue	<u>10,751</u>	<u>18,463</u>	<u>10,581</u>	<u>618,773</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers				14,394
Purchased Professional Educational Services	10,751	18,463	10,581	70,347
Tuition				374,633
General Supplies				50,247
Textbooks				8,061
Other Objects				714
Total Instruction	<u>10,751</u>	<u>18,463</u>	<u>10,581</u>	<u>518,396</u>
Support Services:				
Personal Services - Employee Benefits				2,103
Purchased Professional Educational Services				61,386
Other Purchased Professional Services				355
Supplies and Materials				9,561
Other Objects				1,075
Total Support Services				<u>74,480</u>
Facilities Acquisition:				
Instructional Equipment				25,897
Total Facilities Acquisition				<u>25,897</u>
Total Expenditures	<u>\$ 10,751</u>	<u>\$ 18,463</u>	<u>\$ 10,581</u>	<u>\$ 618,773</u>

CAPITAL PROJECTS FUND

DENVILLE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2010

Revenue and Other Financing Sources:	
State Sources - SDA Grant	\$ 103,508
Transfer from Capital Outlay	126,492
	<hr/>
Total Revenue and Other Financing Sources	230,000
	<hr/>
Expenditures and Other Financing Uses:	
Construction Services	205,535
Operating Transfers Out:	
Debt Service Fund	24,465
	<hr/>
Total Expenditures and Other Financing Uses	230,000
	<hr/>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	-0-
	<hr/>
Fund Balance - Beginning	-0-
	<hr/>
Fund Balance - Ending	\$ -0-
	<hr/> <hr/>

DENVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
LAKEVIEW ELEMENTARY SCHOOL CAFETERIA ROOF REPLACEMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 29,200	\$ 29,200	\$ 29,200
Transfer from Capital Outlay		35,800	35,800	35,800
Total Revenue and Other Financing Sources		65,000	65,000	65,000
Expenditures and Other Financing Uses:				
Construction Services		55,900	55,900	55,900
Transfer to Debt Service Fund		9,100	9,100	9,100
Total Expenditures and Other Financing Uses		65,000	65,000	65,000
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Additional Project Information:

Project Number(s)	SP-1090-050-09-1003
Grant Date(s)	05/12/09
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 112,104
Additional Funds / (Deductions)	\$ (47,104)
Revised Authorized Cost	\$ 65,000
Percentage Completion	100.00%
Original Target Completion Date	09/2009

DENVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
RIVERVIEW ELEMENTARY SCHOOL NEW HVAC SYSTEM
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 74,308	\$ 74,308	\$ 74,308
Transfer from Capital Outlay		90,692	90,692	90,692
Total Revenue and Other Financing Sources		165,000	165,000	165,000
Expenditures and Other Financing Uses:				
Construction Services		149,635	149,635	149,635
Transfer to Debt Service Fund		15,365	15,365	15,365
Total Expenditures and Other Financing Uses		165,000	165,000	165,000
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Additional Project Information:

Project Number(s)	SP-1090-070-09-1002
Grant Date	05/12/09
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 249,079
Additional Funds / (Deductions)	\$ (84,079)
Revised Authorized Cost	\$ 165,000
Percentage Completion	100.00%
Original Target Completion Date	01/2010

PROPRIETARY FUNDS

DENVILLE TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

ASSETS:

Current Assets:		
Cash and Cash Equivalents	\$	4,606
Accounts Receivable:		
Federal		1,494
		<hr/>
Total Current Assets		6,100
		<hr/>
Non-Current Assets:		
Capital Assets		11,710
Less: Accumulated Depreciation		(5,733)
		<hr/>
Total Non-Current Assets		5,977
		<hr/>
Total Assets		12,077
		<hr/>

LIABILITIES:

Current Liabilities:		
Accounts Payable		6,099
		<hr/>
Total Current Liabilities		6,099
		<hr/>
Total Liabilities		6,099
		<hr/>

NET ASSETS:

Investment in Capital Assets, Net of Related Debt		5,977
Unrestricted		1
		<hr/>
Total Net Assets	\$	<u>5,978</u>

Exhibit G-2

DENVILLE TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Operating Revenue:	
Charges for Services:	
Daily Sales - Reimbursable Programs:	
Special Milk Program	\$ 11,883
Total Operating Revenue	<u>11,883</u>
Operating Expenses:	
Cost of Sales	36,048
Depreciation	447
Miscellaneous Expenses	99
Total Operating Expenses	<u>36,594</u>
Operating (Loss)	(24,711)
Non-Operating Revenue:	
Federal Sources:	
Special Milk Program	23,109
Local Sources:	
Board Contribution	1,119
Total Non-Operating Revenue	<u>24,228</u>
Change in Net Assets Before Capital Asset Disposals	(483)
Capital Asset Disposals, Net of Accumulated Depreciation	<u>(13,746)</u>
Change in Net Assets	(14,229)
Net Assets - Beginning of Year	<u>20,207</u>
Net Assets - End of Year	<u>\$ 5,978</u>

Exhibit G-3

DENVILLE TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 11,883
Payments to Suppliers	<u>(37,869)</u>
Net Cash (Used for) Operating Activities	<u>(25,986)</u>
Cash Flows from Noncapital Financing Activities:	
Local Sources - Board Contribution	1,119
Federal Sources - Special Milk Program	<u>27,021</u>
Net Cash Provided by Noncapital Financing Activities	<u>28,140</u>
Net Decrease in Cash and Cash Equivalents	2,154
Cash and Cash Equivalents, July 1	<u>2,452</u>
Cash and Cash Equivalents, June 31	<u><u>\$ 4,606</u></u>
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (24,711)
Adjustment to Reconcile Operating (Loss) to Cash (Used for) Operating Activities:	
Depreciation	447
Changes in Assets and Liabilities:	
(Decrease) in Accounts Payable	<u>(1,722)</u>
Net Cash (Used for) Operating Activities	<u><u>\$ (25,986)</u></u>

FIDUCIARY FUNDS

DENVILLE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

	Agency		Unemployment Compensation Trust	
	Student Activity	Payroll		Total
ASSETS:				
Cash and Cash Equivalents	\$ 27,343		\$ 27,343	\$ 97,336
Intrafund Receivable - Payroll Fund	3,445		3,445	
Total Assets	30,788		30,788	97,336
LIABILITIES:				
Accounts Payable - Vendors	15,136		15,136	
Intrafund Payable - Student Activity Fund		\$ 3,445	3,445	
Payroll Deductions and Withholdings		(3,445)	(3,445)	
Due to Student Groups	15,652		15,652	
Total Liabilities	30,788		30,788	
NET ASSETS:				
Held in Trust for Unemployment Claims				97,336
Total Net Assets	\$ -0-	\$ -0-	\$ -0-	\$ 97,336

Exhibit H-2

DENVILLE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Unemployment Compensation Trust</u>	<u>Totals</u>
ADDITIONS:		
Contributions:		
Plan Member	\$ 27,503	\$ 27,503
Total Contributions	<u>27,503</u>	<u>27,503</u>
Investment Earnings:		
Interest	<u>367</u>	<u>367</u>
Net Investment Earnings	<u>367</u>	<u>367</u>
Total Additions	<u>27,870</u>	<u>27,870</u>
DEDUCTIONS:		
Quarterly Contribution Reports	<u>63,596</u>	<u>63,596</u>
Total Deductions	<u>63,596</u>	<u>63,596</u>
Change in Net Assets	(35,726)	(35,726)
Net Assets - Beginning of the Year	<u>133,062</u>	<u>133,062</u>
Net Assets - End of the Year	<u>\$ 97,336</u>	<u>\$ 97,336</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
ASSETS:				
Cash and Cash Equivalents	\$ 42,693	\$ 86,335	\$ 101,685	\$ 27,343
Intrafund Receivable - Payroll Fund		3,445		3,445
Total Assets	\$ 42,693	\$ 89,780	\$ 101,685	\$ 30,788
 LIABILITIES:				
Accounts Payable	\$ 2,007	\$ 15,136	\$ 2,007	\$ 15,136
Due to Student Groups	40,686	74,644	99,678	15,652
Total Liabilities	\$ 42,693	\$ 89,780	\$ 101,685	\$ 30,788

DENVILLE TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u>	<u>Balance</u> <u>June 30, 2010</u>
Elementary School:					
Riverview	\$ 193				\$ 193
Middle School:					
Valleyview	42,500	\$ 74,644	\$ 99,678	\$ 2,007	15,459
Total All Schools	<u>\$ 42,693</u>	<u>\$ 74,644</u>	<u>\$ 99,678</u>	<u>\$ 2,007</u>	<u>\$ 15,652</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
ASSETS:				
Cash and Cash Equivalents	\$ 8,496	\$ 18,298,995	\$ 18,307,491	\$ -0-
Total Assets	<u>\$ 8,496</u>	<u>\$ 18,298,995</u>	<u>\$ 18,307,491</u>	<u>\$ -0-</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 8,496	\$ 18,295,550	\$ 18,307,491	\$ (3,445)
Intrafund Payable - Student Activity Fund		<u>3,445</u>		<u>3,445</u>
Total Liabilities	<u>\$ 8,496</u>	<u>\$ 18,298,995</u>	<u>\$ 18,307,491</u>	<u>\$ -0-</u>

LONG-TERM DEBT

DENVILLE TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2010		Interest Rate	Balance July 1, 2009	Retired or Matured	Balance June 30, 2010
			Date	Amount				
School Refunding Bonds	4/29/2009	\$ 4,600,000	02/15/11	\$ 445,000	3.00%			
			02/15/12	455,000	3.25%			
			02/15/13	475,000	3.50%			
			02/15/14	490,000	3.75%			
			02/15/15	495,000	4.00%			
			2/15/16-17	490,000	4.00%			
			02/15/18	485,000	4.00%			
			02/15/19	315,000	4.00%			
					<u>\$ 4,600,000</u>	<u>\$ 460,000</u>	<u>\$ 4,140,000</u>	
					<u>\$ 4,600,000</u>	<u>\$ 460,000</u>	<u>\$ 4,140,000</u>	

DENVILLE TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2009</u>	<u>Issued</u>	<u>Retired or Matured</u>	<u>Balance June 30, 2010</u>
Photocopier - Savin	5.00%	5,775	\$ 349		\$ 349	
Photocopier - Savin 3360	4.75%	11,622	1,158		1,158	
Photocopier - Savin 4060	4.75%	23,618	5,898	\$ 2,605	5,021	\$ 3,482
TCU at Riverview	3.95%	254,066	57,789	23,757	53,826	27,720
TCU at Riverview	3.95%	254,066	57,789	23,757	53,826	27,720
Laptops and Computers	4.20%	17,657		17,657	17,657	
TCU, TOU, CST Trailers	2.82%	754,077		754,077	339,535	414,542
Construction at Riverview	4.00%	102,947		102,947	102,947	
Technology	4.03%	57,210		57,210	48,872	8,338
School Buses & Technology	3.87%	387,447		387,447	174,444	213,003
Technology	2.65%	37,234		37,234	16,275	20,959
School Buses	2.75%	163,682		163,682	11,007	152,675
FM System & Carpet	2.75%	45,526		45,526	23,036	22,490
			<u>\$ 122,983</u>	<u>\$ 1,615,899</u>	<u>\$ 847,953</u>	<u>\$ 890,929</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 421,613		\$ 421,613	\$ 421,613	
State Sources:					
Debt Service Aid Type II	192,731		192,731	192,731	
Total Revenues	<u>614,344</u>		<u>614,344</u>	<u>614,344</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	192,731	(38,387)	154,344	133,417	\$ 20,927
Redemption of Principal	421,613	38,387	460,000	460,000	
Total Regular Debt Service	<u>614,344</u>		<u>614,344</u>	<u>593,417</u>	<u>20,927</u>
Total Expenditures	<u>614,344</u>		<u>614,344</u>	<u>593,417</u>	<u>20,927</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>-0-</u>		<u>-0-</u>	<u>20,927</u>	<u>20,927</u>
Other Financing Sources:					
Miscellaneous				13,834	13,834
Operating Transfers In:					
Capital Projects Fund				24,465	24,465
Total Other Financing Sources				<u>38,299</u>	<u>38,299</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures				\$ 59,226	\$ 59,226
Fund Balance, July 1	\$ -0-	\$ -0-	\$ -0-	-0-	-0-
Fund Balance, June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 59,226</u>	<u>\$ 59,226</u>
Recapitulation:					
Unreserved - Designated for Subsequent Year's Expenditures				\$ 20,927	
Unreserved - Undesignated				38,299	
				<u>\$ 59,226</u>	

STATISTICAL SECTION

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

Contents**Exhibit****Financial Trends**

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

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The School implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST SIX FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
Governmental Activities:						
Invested in Capital Assets, Net of Related Debt	\$ 5,696,974	\$ 6,977,668	\$ 9,716,703	\$ 11,617,678	\$ 11,126,485	\$ 10,738,033
Restricted	300,187	50,286	2,982	5,221	320,733	280,436
Unrestricted/(Deficit)	(170,374)	(212,405)	(507,106)	(422,461)	(857,652)	(574,322)
Total Governmental Activities Net Assets	<u>\$ 5,826,787</u>	<u>\$ 6,815,549</u>	<u>\$ 9,212,579</u>	<u>\$ 11,200,438</u>	<u>\$ 10,589,566</u>	<u>\$ 10,444,147</u>
Business-Type Activities						
Invested in Capital Assets, Net of Related Debt	\$ 575	\$ 1,834	\$ 3,193	\$ 22,757	\$ 20,170	\$ 5,977
Unrestricted	13,236	16,342	15,118	10,020	37	1
Total Business-Type Activities Net Assets	<u>\$ 13,811</u>	<u>\$ 18,176</u>	<u>\$ 18,311</u>	<u>\$ 32,777</u>	<u>\$ 20,207</u>	<u>\$ 5,978</u>
District-Wide:						
Invested in Capital Assets, Net of Related Debt	\$ 5,697,549	\$ 6,979,502	\$ 9,719,896	\$ 11,640,435	\$ 11,146,655	\$ 10,744,010
Restricted	300,187	50,286	2,982	5,221	320,733	280,436
Unrestricted/(Deficit)	(157,138)	(196,063)	(491,988)	(412,441)	(857,615)	(574,321)
Total District Net Assets	<u>\$ 5,840,598</u>	<u>\$ 6,833,725</u>	<u>\$ 9,230,890</u>	<u>\$ 11,233,215</u>	<u>\$ 10,609,773</u>	<u>\$ 10,450,125</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

DENVILLE TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
Expenses:						
Governmental Activities:						
Instruction:						
Regular	\$ 8,970,866	\$ 9,735,824	\$ 11,166,567	\$ 11,395,183	\$ 12,772,668	\$ 11,753,144
Special Education	2,363,108	2,443,144	2,605,752	2,797,940	3,754,286	4,143,956
Other Special Instruction	157,720	390,746	506,413	467,113	491,776	415,583
Other Instruction	120,728	340,738	308,016	243,862	181,667	125,140
Support Services:						
Tuition	1,613,304	1,695,529	1,683,700	1,600,218	1,286,201	1,220,975
Student & Instruction Related Services	2,696,237	3,110,651	3,631,922	4,085,076	4,091,491	4,213,955
General Administrative Services	350,574	647,381	913,555	873,476	623,736	737,611
School Administrative Services	1,185,164	1,199,227	1,234,615	1,231,178	1,253,926	1,281,289
Central Services	14,832	22,219	3,783	11,153	354,797	388,864
Administrative Information Technology	147,717	177,057	198,507	224,671	272,451	252,404
Plant Operations And Maintenance	1,495,371	1,586,035	1,764,767	1,844,975	1,852,182	2,070,866
Pupil Transportation	1,716,106	1,854,675	1,734,203	1,930,699	2,336,162	2,644,256
Business and Other Support Services	331,716	60,979	882	13,887		
Allocated Benefits			274,020			
Capital Outlay		149,876	(1,309,648)			
Transfer to Charter School	28,931	53,831	57,340	60,122	41,710	64,283
Interest On Long-Term Debt	338,907	288,312	266,588	234,688	184,885	154,133
Total Governmental Activities Expenses	<u>21,531,281</u>	<u>23,756,224</u>	<u>25,040,982</u>	<u>27,014,241</u>	<u>29,497,938</u>	<u>29,466,459</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
Expenses:						
Business-type activities:						
Food Service	\$ 27,775	\$ 31,170	\$ 33,131	\$ 44,699	\$ 54,647	\$ 36,733
Total Business-Type Activities Expense	27,775	31,170	33,131	44,699	54,647	36,733
Total District Expenses	21,559,056	23,787,394	25,074,113	27,058,940	29,552,585	29,503,192
Program Revenues:						
Governmental Activities:						
Charges For Services:						
Regular Instruction	133,985	103,933	108,649	86,575	21,923	
Pupil Transportation	37,699					
Operating Grants and Contributions	3,589,811	3,762,960	4,445,172	4,666,790	3,898,363	4,123,752
Capital Grants and Contributions	254,282	163,722				103,508
Total Governmental Activities Program Revenues	4,015,777	4,030,615	4,553,821	4,753,365	3,920,286	4,227,260
Business-Type Activities:						
Charges for services						
Food Service	9,866	12,827	11,020	11,493	12,286	11,883
Operating Grants and Contributions	21,123	20,912	20,100	25,393	29,791	23,109
Total Business Type Activities Program Revenues	30,989	33,739	31,120	36,886	42,077	34,992
Total District Program Revenues	4,046,766	4,064,354	4,584,941	4,790,251	3,962,363	4,262,252

DENVILLE TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
Net (Expense)/Revenue Governmental Activities:	\$ (17,515,504)	\$ (19,725,609)	\$ (20,487,161)	\$ (22,260,876)	\$ (25,577,652)	\$ (25,239,199)
Business-Type Activities	3,214	2,569	(2,011)	(7,813)	(12,570)	(1,741)
Total District-Wide Net Expense	<u>(17,512,290)</u>	<u>(19,723,040)</u>	<u>(20,489,172)</u>	<u>(22,268,689)</u>	<u>(25,590,222)</u>	<u>(25,240,940)</u>
General Revenues and Other Changes in Net Assets:						
Governmental Activities:						
Property Taxes Levied for General Purposes, Net	18,278,287	19,334,400	21,516,202	23,336,840	24,259,598	24,243,496
Taxes Levied for Debt Service	954,375	960,495	968,186	491,390	419,798	421,613
Federal and State Aid not Restricted	179,329	337,542	334,134	343,152	255,355	341,953
Interest and Miscellaneous Income	52,268	81,934	65,669	77,353	32,029	86,718
Total Governmental Activities	<u>19,464,259</u>	<u>20,714,371</u>	<u>22,884,191</u>	<u>24,248,735</u>	<u>24,966,780</u>	<u>25,093,780</u>
Business-Type Activities:						
Interest and Miscellaneous Income	6	121	175	49		1,119
Capital Contributions/(Disposals)			1,971	22,230		(13,607)
Total Business-Type Activities	<u>6</u>	<u>121</u>	<u>2,146</u>	<u>22,279</u>		<u>(12,488)</u>
Total District-Wide	<u>19,464,265</u>	<u>20,714,492</u>	<u>22,886,337</u>	<u>24,271,014</u>	<u>24,966,780</u>	<u>25,081,292</u>
Change in Net Assets:						
Governmental Activities	1,948,755	988,762	2,397,030	1,987,859	(610,872)	(145,419)
Business-Type Activities	3,220	2,690	135	14,466	(12,570)	(14,229)
Total District	<u>\$ 1,951,975</u>	<u>\$ 991,452</u>	<u>\$ 2,397,165</u>	<u>\$ 2,002,325</u>	<u>\$ (623,442)</u>	<u>\$ (159,648)</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

DENVILLE TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST SIX FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
General Fund:						
Reserved	\$ 50,210	\$ 50,210	\$ 2,969	\$ 5,208	\$ 320,733	\$ 221,210
Unreserved	598,909	540,300	249,345	356,708	26,631	371,790
Total General Fund	<u>\$ 649,119</u>	<u>\$ 590,510</u>	<u>\$ 252,314</u>	<u>\$ 361,916</u>	<u>\$ 347,364</u>	<u>\$ 593,000</u>
All Other Governmental Funds:						
Reserved	\$ 8,623					
Unreserved, Reported In:						
Capital Projects Fund	240,781					
Debt Service Fund	573	\$ 76	\$ 13	\$ 13		\$ 59,226
Total All Other Governmental Funds	<u>\$ 249,977</u>	<u>\$ 76</u>	<u>\$ 13</u>	<u>\$ 13</u>	<u>\$ -0-</u>	<u>\$ 59,226</u>
Total Governmental Funds:						
Reserved	\$ 58,833	\$ 50,210	\$ 2,969	\$ 5,208	\$ 320,733	\$ 221,210
Unreserved	840,263	540,376	249,358	356,721	26,631	431,016
Total Governmental Funds	<u>\$ 899,096</u>	<u>\$ 590,586</u>	<u>\$ 252,327</u>	<u>\$ 361,929</u>	<u>\$ 347,364</u>	<u>\$ 652,226</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

DENVILLE TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST SIX FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
Revenues:						
Tax Levy	\$ 19,232,662	\$ 20,294,895	\$ 22,484,388	\$ 23,828,230	\$ 24,679,396	\$ 24,665,109
Tuition	133,985	103,933	108,649	86,575	21,923	
Transporation Fees	37,699					
Miscellaneous	63,906	83,983	67,366	78,708	32,029	87,837
State Sources	3,634,650	3,761,200	4,269,467	4,524,258	3,725,589	4,021,253
Federal Sources	377,134	500,975	508,143	484,329	428,129	547,960
Total Revenue	<u>23,480,036</u>	<u>24,744,986</u>	<u>27,438,013</u>	<u>29,002,100</u>	<u>28,887,066</u>	<u>29,322,159</u>
Expenditures:						
Instruction:						
Regular Instruction	6,419,769	6,798,241	7,522,755	7,803,970	8,117,462	8,480,795
Special Education Instruction	1,796,954	1,855,261	1,930,611	1,917,637	2,783,211	3,038,603
Other Special Instruction	113,556	279,553	351,328	324,285	350,005	292,089
Other Instruction	92,715	106,114	113,007	171,562	130,673	95,987
Support Services:						
Tuition	1,613,304	1,695,529	1,683,700	1,600,218	1,286,201	1,220,975
Student & Instruction Related Services	2,041,054	2,391,820	2,638,762	3,003,374	3,200,759	3,143,015
General Administrative Services	389,238	370,600	404,754	435,111	467,189	440,404
School Administrative Services	861,805	875,731	873,782	865,336	869,784	931,968
Central Services	14,832	22,219	3,783	11,153	265,675	297,656
Administrative Information Technology	147,717	155,259	158,434	177,728	230,432	211,105
Plant Operations And Maintenance	1,276,565	1,318,120	1,474,529	1,531,256	1,638,086	1,629,247
Pupil Transportation	1,469,715	1,641,668	1,743,943	2,044,295	1,514,752	1,506,259
Business and Other Support Services	247,260	265,040	274,676	276,996		

DENVILLE TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST SIX FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
Expenditures: (Cont'd)						
Support Services: (Cont'd)						
Allocated Benefits			\$ 274,020		\$ 350,793	\$ 97,052
Unallocated Benefits	\$ 4,385,654	\$ 5,100,156	5,793,587	\$ 6,070,151	5,587,819	6,030,002
Debt Service:						
Principal	795,000	835,000	880,000	441,000	390,000	460,000
Interest And Other Charges	349,877	315,449	279,291	241,182	221,699	133,417
Capital Outlay	862,636	2,028,722	1,317,970	1,917,122	1,455,381	1,152,529
Transfer to Charter Schools	28,931	53,831	57,340	60,122	41,710	64,283
Total Expenditures	22,906,582	26,108,313	27,776,272	28,892,498	28,901,631	29,225,386
Excess/(Deficiency) Of Revenues Over/(Under) Expenditures	573,454	(1,363,327)	(338,259)	109,602	(14,565)	96,773
Other Financing Sources/(Uses):						
Capital Leases (Non-Budgeted)	163,511	1,054,817				209,208
Transfers In	595,064	175,169			13	126,492
Transfers Out	(595,064)	(175,169)			(13)	(127,611)
Total Other Financing Sources/(Uses)	163,511	1,054,817				208,089
Net Change In Fund Balances	\$ 736,965	\$ (308,510)	\$ (338,259)	\$ 109,602	\$ (14,565)	\$ 304,862
Debt Service As A Percentage Of Noncapital Expenditures	5.19%	4.78%	4.38%	2.53%	2.23%	2.11%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

DENVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Prior Year Refunds	Other	Total
2001	\$ 132,754	\$ 186,680		\$ 95,019	\$ 414,453
2002	47,062	85,253		12,957	145,272
2003	25,968	(7,993) *		15,674	33,649
2004	15,122	43,244		4,713	63,079
2005	15,911	133,985		73,992	223,888
2006	47,554	103,933	\$ 26,770	7,598	185,855
2007	57,531	108,649		8,138	174,318
2008	43,934	86,575	745	32,674	163,928
2009	14,386	21,923	4,257	13,386	53,952
2010	1,574			72,429	74,003

*-Includes prior year receivables written off.

DENVILLE TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST SIX YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Aparment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2004	\$ 73,706,600	\$ 1,651,889,800	\$ 5,533,800	\$ 136,400	\$ 291,241,200	\$ 73,708,800	\$ 8,173,600	\$ 2,104,390,200	\$ 196,486,400	\$ 5,977,120	\$ 2,110,367,320	0.86	\$ 2,318,343,129
2005	63,044,100	1,692,079,500	6,156,100	138,200	298,571,500	73,457,400	8,173,600	2,141,620,400	199,915,900	5,339,141	2,146,959,541	0.92	2,594,625,908
2006	54,971,100	1,767,342,500	6,187,800	138,200	300,914,600	72,707,400	8,173,600	2,210,435,200	199,718,900	4,607,705	2,215,042,905	0.97	2,990,178,143
2007	51,305,900	1,819,429,300	4,842,400	86,900	299,050,900	70,322,400	8,173,600	2,253,211,400	199,178,400	4,840,446	2,258,051,846	1.03	3,208,196,204
2008	48,382,100	1,842,271,000	4,842,400	86,900	295,343,300	70,122,400	7,729,600	2,268,777,700	206,799,900	4,679,377	2,273,457,077	1.07	3,531,309,532
2009	45,790,100	1,857,498,100	4,554,400	82,600	297,466,700	70,122,400	7,729,600	2,283,243,900	207,717,200	5,460,388	2,288,704,288	1.08	3,565,499,240

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

DENVILLE TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(rate per \$100 of assessed value)

Year Ended December 31,	Denville Township School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate		Total Direct	Township of Denville	Morris County	Morris Hills Regional School	
	Basic Rate ^a	General Obligation Debt Service ^b					
2000	\$ 1.16	\$ 0.09	\$ 1.25	\$ 0.60	\$ 0.46	\$ 0.83	\$ 3.14
2001	1.17	0.09	1.26	0.60	0.47	0.88	3.21
2002	0.64	0.04	0.69	0.34	0.27	0.52	1.82 *
2003	0.73	0.03	0.76	0.39	0.25	0.57	1.97
2004	0.81	0.05	0.86	0.40	0.31	0.58	2.15
2005	0.87	0.05	0.92	0.40	0.32	0.60	2.24
2006	0.93	0.04	0.97	0.41	0.27	0.58	2.23
2007	1.01	0.02	1.03	0.46	0.35	0.61	2.45
2008	1.05	0.02	1.07	0.50	0.36	0.66	2.59
2009	1.06	0.02	1.08	0.53	0.35	0.68	2.64

* - Property Revaluation effective

Source: Municipal Tax Collector and School Business Administrator

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when assed to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation

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

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

2009			2000*		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
St. Francis life Care Corporation	\$ 47,650,000	2.16%	St. Francis life Care Corporation	\$ 29,153,600	2.79%
Shoppes at Union Hill, LLC	21,100,000	0.95%	WP Reality	11,555,400	1.11%
Tamara Enterprises LLC	14,725,000	0.67%	Ashok Mebra & Steve Albert	6,263,900	0.60%
Individual Taxpayer #1	8,900,000	0.40%	New Jersey Bell	5,908,340	0.57%
Rockaway River Country Club	8,448,600	0.38%	Tamara Enterprises	5,289,400	0.51%
Roma Hotels Associates, LLC	7,667,600	0.35%	Rockaway River Country Club	4,494,300	0.43%
Now Realty Associates	6,915,200	0.31%	Georgia Pacific	4,075,100	0.39%
Regency at Denville, LLC	6,834,300	0.31%	Individual Taxpayer #1	3,026,400	0.29%
WP Properties, LLC	5,700,000	0.26%	Pinefield Manor	2,710,900	0.26%
Denville 53, LLC	5,351,000	0.24%	Roysons	2,556,040	0.24%
Total	\$ 133,291,700	6.03%	Total	\$ 75,033,380	7.19%

* - Property Revaluation was effective in 2001.

Note - Individual Taxpayers listed may be different in 2009 and 2000.

DENVILLE TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2001	\$ 13,728,347	\$ 13,728,347	100.00%	-0-
2002	13,751,669	13,751,669	100.00%	-0-
2003	14,798,766	14,798,766	100.00%	-0-
2004	16,861,513	16,861,513	100.00%	-0-
2005	19,232,662	19,232,662	100.00%	-0-
2006	20,294,895	20,294,895	100.00%	-0-
2007	22,484,388	22,484,388	100.00%	-0-
2008	23,828,230	23,828,230	100.00%	-0-
2009	24,679,396	24,679,396	100.00%	-0-
2010	24,665,109	24,665,109	100.00%	-0-

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST SIX FISCAL YEARS
UNAUDITED
(dollars in thousands, except per capita)

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases			
2005	\$ 7,138,000	\$ 388,149	\$ 7,526,149	0.73%	\$ 463
2006	6,303,000	1,063,915	7,366,915	0.66%	454
2007	5,423,000	637,391	6,060,391	0.52%	374
2008	4,982,000	305,063	5,287,063	0.45%	325
2009	4,600,000	122,983	4,722,983	0.40%	290
2010	4,140,000	890,929	5,030,929	0.43%	308

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

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

- a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

DENVILLE TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST SIX FISCAL YEARS
UNAUDITED
(dollars in thousands, except per capita)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2005	\$ 7,138,000	-0-	\$ 7,138,000	0.34%	\$ 439
2006	6,303,000	-0-	6,303,000	0.29%	389
2007	5,423,000	-0-	5,423,000	0.24%	335
2008	4,982,000	-0-	4,982,000	0.22%	306
2009	4,600,000	-0-	4,600,000	0.20%	282
2010	4,140,000	-0-	4,140,000	0.18%	254

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

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

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

DENVILLE TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2009
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Township of Denville	\$ 7,375,322	100.00%	\$ 7,375,322
Morris County General Obligation Debt	255,031,540	2.21%	5,630,316
Morris Hills School District Debt	37,327,000	35.16%	<u>13,123,452</u>
Subtotal, Overlapping Debt			26,129,091
Denville School District Direct Debt			<u>4,140,000</u>
Total Direct And Overlapping Debt			<u>\$ 30,269,091</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Morris County Board of Taxation; debt outstanding data provided by each governmental unit.

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

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of Denville Township's equalized property value that is within the Morris County's boundaries and dividing it by Morris County's total equalized property value.

DENVILLE TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED
(dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2010

	Denville Township
Equalized Valuation Basis	
2009	\$ 3,393,139,991
2008	3,524,041,162
2007	3,482,552,396
	\$10,399,733,549
Average Equalized Valuation of Taxable Property	\$ 3,466,577,850
Debt Limit (3% of average equalization value)	103,997,335
Net Bonded School Debt as of June 30, 2010	4,140,000
Legal Debt Margin	\$ 99,857,335

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 46,788,679	\$ 50,795,425	\$ 55,743,183	\$ 61,513,832	\$ 68,574,009	\$ 76,766,738	\$ 86,750,047	\$ 96,245,886	\$ 102,677,845	\$ 103,997,335
Total Net Debt Applicable to Limit	10,368,000	9,403,000	8,688,000	7,933,000	7,138,000	6,303,000	5,423,000	4,982,000	4,600,000	4,140,000
Legal Debt Margin	\$ 36,420,679	\$ 41,392,425	\$ 47,055,183	\$ 53,580,832	\$ 61,436,009	\$ 70,463,738	\$ 81,327,047	\$ 91,263,886	\$ 98,077,845	\$ 99,857,335
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	22.16%	18.51%	15.59%	12.90%	10.41%	8.21%	6.25%	5.18%	4.48%	3.98%

a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population ^a	Personal Income ^b	Morris County Per Capita Personal Income ^c	Unemployment Rate ^d
2001	15,746	\$ 892,373,058	\$ 56,673	2.30%
2002	15,816	894,157,560	56,535	3.50%
2003	15,796	900,656,328	57,018	3.50%
2004	15,987	976,821,687	61,101	2.80%
2005	16,242	1,028,069,874	63,297	2.90%
2006	16,211	1,112,625,774	68,634	3.00%
2007	16,212	1,155,915,600	71,300	2.70%
2008	16,259	1,167,591,308	71,812	3.60%
2009	16,309	1,171,181,908	71,812 *	6.30%
2010	16,309 **	1,171,181,908	71,812 *	N/A

* - Latest Morris County per capita personal income available (2008) was used for calculation purposes.

** - Latest population data available (2009) was used for calculation purposes.

N/A - Information Unavailable

Source: School District Reports

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

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

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

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - COUNTY OF MORRIS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

<u>2009</u>			<u>2000</u>		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Atlantic Health	6,300	N/A			
U.S. Army Armament Research and Development	3,575	N/A			
Novartis	3,573	N/A			
Saint Clare's Health System	2,342	N/A			
County of Morris	2,126	N/A			
ADP	2,019	N/A			
UPS	1,941	N/A			
AT&T	1,500	N/A			
Honeywell	1,500	N/A			
Wyndham Worldwide	1,395	N/A			
Total	<u>26,271</u>				

INFORMATION IS NOT AVAILABLE

N/A - Total amount of Employment is not available in order to do the percentage calculation

Source: Various Agencies of the County of Morris

DENVILLE TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST SIX FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Instruction:						
Regular	121.0	123.0	126.8	125.0	126.5	124.5
Special Education	48.0	56.0	45.1	50.0	63.0	62.0
Support Services:						
Student & Instruction Related Services	26.2	27.2	37.0	40.5	36.0	38.0
School Administrative Services	11.5	11.5	20.0	18.0	18.5	18.5
General and Business Administrative Services	6.0	6.0	6.0	6.0	6.0	6.0
Plant Operations and Maintenance	14.5	14.5	13.5	15.0	15.0	15.0
Pupil Transportation	20.0	21.0	21.0	21.0	25.0	26.0
Total	<u>247.2</u>	<u>259.2</u>	<u>269.4</u>	<u>275.5</u>	<u>290.0</u>	<u>290.0</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: District Personnel Records

DENVILLE TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST SIX FISCAL YEARS
UNAUDITED

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	Middle				
2005	1,941	\$ 20,899,069	\$ 10,767	4.91%	195	1:14.5	1:12.4	1,941	1,861	1.89%	95.88%
2006	1,894	22,929,142	12,106	12.44%	206	1:14.5	1:12.5	1,894	1,822	-2.42%	96.20%
2007	1,864	25,299,011	13,572	12.11%	208	1:14.5	1:12.6	1,864	1,790	-1.58%	96.03%
2008	1,895	26,293,194	13,875	2.23%	215	1:14.6	1:12.9	1,986	1,822	6.55%	91.74%
2009	1,892	26,834,551	14,183	2.22%	226	1:14.2	1:13.5	1,892	1,814	-4.73%	95.88%
2010	1,904	27,479,440	14,432	1.76%	225	1:13.3	1:13.6	1,904	1,832	0.64%	96.19%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006

Source: Denville Township School 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).

d The cost per pupil calculated above is the sum of operating enrollment divided by enrollment. This cost per pupil may be different from other cost per pupil calculations.

DENVILLE TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST SIX FISCAL YEARS

<u>District Building</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Lakeview Elementary School (1958)						
Square Feet	79,138	79,138	79,138	79,138	79,138	79,138
Capacity (students)	683	683	683	683	683	683
Enrollment	812	808	733	781	752	690
Riverview Elementary School (1958)						
Square Feet	56,855	56,855	56,855	56,855	56,855	56,855
Capacity (students)	388	388	388	388	388	388
Enrollment	502	503	479	541	488	459
Valleyview Middle School (1965)						
Square Feet	70,247	70,247	70,247	70,247	70,247	70,247
Capacity (students)	465	465	465	465	465	465
Enrollment	612	617	651	664	653	673
Administration Building (1908)						
Square Feet	1,900	1,900	1,900	1,900	1,900	1,900
Bus Garage (1964)						
Square Feet	2,820	2,820	2,820	2,820	2,820	2,820
Number of Schools at June 30, 2010						
Elementary = 2						
Middle School = 1						
High School = 0						
Other = 2						

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October district count.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Denville Township School District Facilities Office

DENVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST NINE FISCAL YEARS

Undistributed Expenditures - Required Maintenance For School Facilities

	Project # (s)	Fiscal Year Ended June 30,								
		2002	2003	2004	2005	2006	2007	2008	2009	2010
<u>School Facilities</u>										
Lakeview Elementary	N/A	\$ 145,580	\$ 77,407	\$ 103,742	\$ 80,980	\$ 43,038	\$ 107,446	\$ 104,504	\$ 111,774	\$ 101,813
Riverview Elementary	N/A	84,922	63,947	76,790	109,169	103,178	92,670	60,490	98,160	125,922
Valleyview Middle	N/A	146,794	81,348	118,996	93,397	82,145	111,773	97,063	124,403	131,012
Total School Facilities		<u>377,296</u>	<u>222,702</u>	<u>299,528</u>	<u>283,546</u>	<u>228,361</u>	<u>311,889</u>	<u>262,057</u>	<u>334,337</u>	<u>358,747</u>
<u>Other Facilities</u>										
Administration Building	N/A	\$ 2,831	\$ 6,401	\$ 31,478	\$ 7,208	\$ 7,391	\$ 1,961	\$ 1,799	\$ 2,135	\$ 1,959
Bus Garage	N/A	24,263	13,542	14,870	10,397	9,901	2,912	2,671	3,168	2,908
Total Other Facilities		<u>27,094</u>	<u>19,943</u>	<u>46,348</u>	<u>17,605</u>	<u>17,292</u>	<u>4,873</u>	<u>4,470</u>	<u>5,303</u>	<u>4,867</u>
Grand Total		<u>\$ 404,390</u>	<u>\$ 242,645</u>	<u>\$ 345,876</u>	<u>\$ 301,151</u>	<u>\$ 245,653</u>	<u>\$ 316,762</u>	<u>\$ 266,527</u>	<u>\$ 339,640</u>	<u>\$ 363,614</u>

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

** - There were no charges recorded in 2001 to this budget account.

This schedule does not provide ten years of information as the State Department of Education required this information beginning with the fiscal year ended June 30, 2001.

Source: Denville Township School District records

DENVILLE TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2010
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Selective Insurance Company of America:		
Property - Blanket Building and Contents	\$ 39,649,322	\$ 1,000
Commercial General Liability:		
Per Occurrence	1,000,000	1,000
Aggregate	2,000,000	
Abuse or Molestation Liability:		
Per Occurrence	1,000,000	
Aggregate	1,000,000	
Commercial Automotive Liability	1,000,000	* 250/500
Commercial Inland Marine	1,215,920	250
Commercial Umbrella Liability:		
Per Occurrence	10,000,000	
Aggregate	10,000,000	
Worker's Compensation - Hartford Insurance Company	Statutory	
Employer's Liability	500,000 / 500,000 / 500,000	
School Board Legal Liability - Selective Insurance Co.		
Director's and Officer's Policy:		
Per Occurrence	1,000,000	10,000
Aggregate	1,000,000	
Public Official Bonds:		
Treasurer of School Monies	320,000	
Chief School Administrator	10,000	
Board Secretary/Business Administrator	320,000	
Blanket Employee Bond	10,000	

* comprehensive and collision deductibles on auto coverage

SINGLE AUDIT SECTION



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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Denville Township School District, in the County of Morris (the "Board") as of, and for the fiscal year ended June 30, 2010, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 5, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey (the "Department"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A 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 Board's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we have noted certain matters that we have reported to the Board in a separate report, the *Auditors' Management Report on Administrative Findings – Financial, Compliance, and Performance*, dated November 5, 2010.

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

Mount Arlington, New Jersey
November 5, 2010

NISIVOCIA & COMPANY LLP



William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant



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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04

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

Compliance

We have audited the compliance of the Board of Education of the Denville Township School District in the County of Morris (the "Board") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2010. The Board's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

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

In our opinion, the Board complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2010.

Internal Control Over Compliance

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

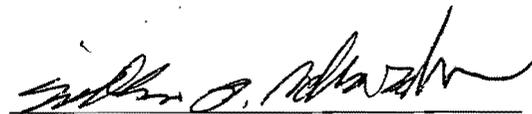
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis.

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

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

Mount Arlington, New Jersey
November 5, 2010

NISIVOCCIA & COMPANY LLP



William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant

**DENVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at July 1, 2009		Adjustments/ Cancellation of Balances	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2010	
			From	To		Deferred Revenue/ (Accounts Receivable)	Due to Grantor					(Accounts Receivable)	Due to Grantor
U.S. Department of Agriculture - Passed-through State Department of Education:													
Special Milk Program	10.556	N/A	7/1/09	6/30/10	\$ 23,109			\$ 21,615	\$ (23,109)			\$ (1,494)	
Special Milk Program	10.556	N/A	7/1/08	6/30/09	29,791	\$ (5,406)		5,406					
Total Enterprise Fund						(5,406)		27,021	(23,109)			(1,494)	
Total U.S. Department of Agriculture						(5,406)		27,021	(23,109)			(1,494)	
U.S. Department of Education - Passed-through State Department of Education:													
No Child Left Behind:													
Title I - Carryover	84.010A	NCLB-1090-08	9/1/07	8/31/09	28,068	10,625							\$ 10,625
Title I	84.010A	NCLB-1090-10	9/1/09	8/31/10	24,782			10,650	(23,612)			(12,962)	
Title II A - Carryover	84.367A	NCLB-1090-07	9/1/06	8/31/08	36,948		\$ 334						
Title II A - Carryover	84.367A	NCLB-1090-08	9/1/07	8/31/09	35,652	1,459	(1,459)						
Title II A	84.367A	NCLB-1090-09	9/1/08	8/31/09	35,652	(27,587)		27,587	(355)			(7,343)	6,988
Title II A	84.367A	NCLB-1090-10	9/1/09	8/31/10	36,595		1,595	8,391	(29,812)			(19,826)	
Title IID	84.318X	NCLB-1090-10	9/1/09	8/31/10	253			196	(253)			(57)	
Title III	84.365A	NCLB-1090-09	9/1/08	8/31/09	5,869	(1,174)		1,174					
Title IV - Carryover	84.186A	NCLB-1090-08	9/1/07	8/31/09	4,421	78	(78)						
Title IV	84.186A	NCLB-1090-09	9/1/08	8/31/09	4,619	(3,700)		3,700					
Title IV	84.186A	NCLB-1090-10	9/1/09	8/31/10	3,938		78	2,175	(3,938)			(1,685)	
Title V	84.298A	NCLB-1090-04	9/1/03	8/31/04	4,136								2,558
Title V - Carryover	84.298A	NCLB-1090-08	9/1/07	8/31/09	2,945	138							138
Readiness and Emergency Management Systems	84.184E	N/A	6/1/07	7/31/09	99,866	(990)		990					
Teacher Quality Enhancement Grant	84.336A	N/A	9/1/06	8/31/07	3,517	3,517	(3,517)						
Teacher Quality Enhancement Grant	84.336A	N/A	9/1/05	8/31/06	3,153	3,153	(3,153)						
I.D.E.A. Special Education Cluster:													
I.D.E.A. Part B, Basic Regular	84.027	IDEA-1090-07	9/1/06	8/31/08	413,565	3,178							51
I.D.E.A. Part B, Basic Regular - Carryover	84.027	IDEA-1090-08	9/1/07	8/31/09	413,565	759					\$ (759)		
I.D.E.A. Part B, Basic Regular	84.027	IDEA-1090-09	9/1/08	8/31/09	386,178	(55,847)	3,127	110,730	(58,010)				
I.D.E.A. Part B, Basic Regular	84.027	IDEA-1090-10	9/1/09	8/31/10	388,085			196,287	(362,580)			(166,293)	
I.D.E.A. Part B, Preschool - Carryover	84.173	IDEA-1090-08	9/1/07	8/31/09	23,299	3,473							3,473
I.D.E.A. Part B, Preschool	84.173	IDEA-1090-09	9/1/08	8/31/09	21,179	(5,777)		5,777					
I.D.E.A. Part B, Preschool	84.173	IDEA-1090-10	9/1/09	8/31/10	21,749			3,383	(8,152)			(4,769)	
I.D.E.A. Part B, Basic Regular - ARRA	84.391	IDEA-1090-10	7/1/09	8/31/11	431,550			44,402	(62,382)			(17,980)	
I.D.E.A. Part B, Preschool - ARRA	84.392	IDEA-1090-10	7/1/09	8/31/11	15,618			1,078	(1,078)				
I.D.E.A. Special Education Cluster Subtotal						(54,214)		361,657	(492,202)		(759)	(189,042)	3,524
Total U.S. Department of Education						(68,695)	2,892	(6,868)	416,520	(550,172)	(759)	(230,915)	23,833
U.S. Department of Labor - Passed-through State Department of Education American Recovery and Reinvestment Act COBRA Premium Assistance													
COBRA Premium Assistance	17.151	N/A	7/1/09	6/30/10	4,610			4,610	(4,610)				
Total U.S. Department of Housing and Urban Development								4,610	(4,610)				
TOTAL FEDERAL AWARDS						\$ (74,101)	\$ 2,892	\$ (6,868)	\$ 448,151	\$ (577,891)	\$ (759)	\$ (232,409)	\$ 23,833

N/A - Not Available.

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at July 1, 2009			Repayment of Prior Years' Balances	Prior Year Balance Cancelled	Balance at June 30, 2010		MEMO	
		From	To		Budgetary Deferred Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received			Budgetary Expenditures	GAAP (Accounts Receivable)	Due to Grantor	Budgetary Receivable
State Department of Education:													
General Fund:													
Categorical Special Education Aid	09-495-034-5120-089	7/1/08	6/30/09	1,107,007	\$ (99,701)		\$ 99,701						\$ 1,107,007
Categorical Security Aid	09-495-034-5120-084	7/1/08	6/30/09	54,317	(13,121)		13,121						54,317
Adjustment Aid	09-495-034-5120-085	7/1/08	6/30/09	1,926	(173)		173						1,926
Categorical Transportation Aid	09-495-034-5120-014	7/1/08	6/30/09	378,550	(34,093)		34,093						84,321
Extraordinary Special Education Costs Aid	09-495-034-5120-044	7/1/08	6/30/09	281,400	(157,711)		157,711						84,367
Categorical Special Education Aid	10-495-034-5120-089	7/1/09	6/30/10	1,090,353			989,876	\$ (1,090,353)			\$ 100,477		1,090,353
Categorical Security Aid	10-495-034-5120-084	7/1/09	6/30/10	149,726			135,928	(149,726)				13,798	149,726
Categorical Transportation Aid	10-495-034-5120-014	7/1/09	6/30/10	516,773			469,512	(516,773)				47,261	516,773
Extraordinary Special Education Costs Aid	10-495-034-5120-044	7/1/09	6/30/10	289,592				(289,592)			\$ (289,592)	289,592	289,592
Reimbursed TPAF Social Security Contributions	10-100-034-5095-002	7/1/09	6/30/10	876,092			833,239	(876,092)			(42,822)	42,822	876,092
Total General Fund State Aid					(304,799)		2,733,354	(2,922,536)			(332,414)	493,950	5,025,614
Special Revenue Fund:													
NJ Nonpublic Aid:													
Textbook Aid (Chapter 194)	09-100-034-5120-064	7/1/08	6/30/09	6,863		\$ 41		\$ (41)					
Textbook Aid (Chapter 194)	10-100-034-5120-064	7/1/09	6/30/10	8,333			8,333	(8,061)			\$ 272		8,061
Nursing Services (Chapter 226)	10-100-034-5120-070	7/1/09	6/30/10	9,881			9,881	(9,881)					9,881
Auxiliary Services (Chapter 192):													
Compensatory Education	09-100-034-5120-067	7/1/08	6/30/09	6,967		1,885		(1,885)					5,082
Compensatory Education	10-100-034-5120-067	7/1/09	6/30/10	10,437			10,437	(9,885)			552		9,885
English as a Second Language	10-100-034-5120-067	7/1/09	6/30/10	1,098			1,098	(979)			119		979
Handicapped Services (Chapter 193):													
Supplementary Instruction	09-100-034-5120-066	7/1/08	6/30/09	7,434		2,015		(2,015)					5,419
Supplementary Instruction	10-100-034-5120-066	7/1/09	6/30/10	10,751			10,751	(10,751)					10,751
Examination and Classification	09-100-034-5120-066	7/1/08	6/30/09	12,509		4,713		(4,713)					7,796
Examination and Classification	10-100-034-5120-066	7/1/09	6/30/10	18,464			18,464	(18,463)			1		18,463
Corrective Speech	09-100-034-5120-066	7/1/08	6/30/09	9,300		4,185		(4,185)					5,115
Corrective Speech	10-100-034-5120-066	7/1/09	6/30/10	10,581			10,581	(10,581)					10,581
Governor's Initiative Grant	7000286	7/1/08	6/30/09	65,451	192				\$ (192)				65,259
Governor's Initiative Grant	7000286	7/1/07	6/30/08	65,451	1,372					(1,372)			64,079
Character Education Aid	06-100-034-5120-418	7/1/05	6/30/06	4,000			896			(896)			3,104
Total Special Revenue Fund					1,564	13,735	69,545	(68,601)	(13,735)	(1,564)		944	224,455

DENVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at July 1, 2009			Repayment of Prior Years' Balances	Prior Year Balance Cancelled	Balance at June 30, 2010			MEMO Cumulative Total Expenditures	
		From	To		Budgetary Deferred Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received			Budgetary Expenditures	GAAP (Accounts Receivable)	Due to Grantor		Budgetary Receivable
State Department of Education:														
Debt Service Fund:														
Debt Service Aid Type II	10-100-034-5120-124	7/1/09	6/30/10	\$ 192,731			\$ 192,731	\$ (192,731)					\$ 192,731	
Total Debt Service Fund							192,731	(192,731)					192,731	
Total State Department of Education					\$ (303,235)	\$ 13,735	2,995,630	(3,183,868)	\$ (9,550)	\$ (1,564)	\$ (332,445)	\$ 944	\$ 493,981	5,442,800
NJ Schools Development Authority:														
Capital Projects Fund:														
Educational Facilities Construction & Financing:														
Valleyview Mechanical Systems Improvements	SP-1090-080-02-1000	7/1/07	6/30/10	36,000	(34,603)		34,603						36,000	
Riverview Boiler Replacement	SP-1090-070-04-0ATC	7/1/07	6/30/10	177,093	(177,093)		177,093						177,093	
Riverview Installation of New HVAC	SP-1090-070-09-1002	7/1/09	6/30/10	74,308				(74,308)			(74,308)	74,308	74,308	
Lakeview Cafeteria Roof Replacement	SP-1090-050-09-1003	7/1/09	6/30/10	29,200				(29,200)			(29,200)	29,200	29,200	
Total NJ Schools Development Authority					(211,696)		211,696	(103,508)			(103,508)	103,508	316,601	
Total Capital Projects Fund					(211,696)		211,696	(103,508)			(103,508)	103,508	316,601	
TOTAL STATE AWARDS					<u>\$ (514,931)</u>	<u>\$ 13,735</u>	<u>\$ 3,207,326</u>	<u>\$ (3,287,376)</u>	<u>\$ (9,550)</u>	<u>\$ (1,564)</u>	<u>\$ (435,953)</u>	<u>\$ 944</u>	<u>\$ 597,489</u>	<u>\$ 5,759,401</u>

N/A - Not Available

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal and state awards are presented using the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of Federal OMB Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund, special revenue fund and capital projects 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 two state aid payments in the current budget year, which is mandated pursuant to P.L. 2003, C.97 (A3521). For GAAP purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. The capital projects fund is presented in the accompanying schedules on the budgetary basis with the exception of the revenue recognition of the Educational Facilities Construction and Financing Act grants which are realized as revenue upon their award, whereas the GAAP basis recognizes the revenue to the extent of actual expenditures reported.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$14,808) for the general fund and (\$2,212) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Noncontributory Insurance and Post Retirement Contributions revenue of \$37,848 and \$710,837 respectively. The schedule of expenditures of federal awards includes \$4,610 of ARRA Cobra Premium Assistance, which is not separately reflected as revenue in the District's basic financial statements. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 3,656,413	\$ 3,656,413
Special Revenue Fund	\$ 547,960	68,601	616,561
Capital Projects Fund		103,508	103,508
Debt Service Fund		192,731	192,731
Proprietary Fund	23,109		23,109
Total Financial Assistance	<u>\$ 571,069</u>	<u>\$ 4,021,253</u>	<u>\$ 4,592,322</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2010.

NOTE 6. NEW JERSEY SCHOOL DEVELOPMENT AUTHORITY (SDA) GRANTS

The District has active grants awarded in the amount of \$103,508 from the School Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2010, \$103,508 has been expended and drawn down but has not yet been received.

DENVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major federal and state programs.
- An unqualified report was issued on the District's compliance for major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's NJOMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Awards, State Grants, and State Aid*.
- The audit did not disclose any audit findings which are required to be reported in accordance with the single audit provisions of Federal OMB Circular A-133.
- The District's major federal and state programs for the current fiscal year consisted of the following:

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Special Education Cluster:				
IDEA, Part B, Basic	84.027	9/1/09-8/31/10	\$ 388,085	\$ 362,580
IDEA, Part B, Basic	84.027	9/1/08-8/31/09	386,178	58,010
IDEA, Part B, Preschool	84.173	9/1/09-8/31/10	21,749	8,152
ARRA IDEA, Part B, Basic	84.391	7/1/09-8/31/11	431,550	62,382
ARRA IDEA, Part B, Preschool	84.392	7/1/09-8/31/11	15,618	1,078
<u>State:</u>				
Categorical Transportation Aid	10-495-035-5120-014	7/1/09-6/30/10	516,773	516,773
Reimbursed TPAF Social Security Aid	10-100-034-5095-002	7/1/09-6/30/10	876,092	876,092

- The threshold for distinguishing Type A and Type B programs was \$300,000.
- The single audit threshold identified in Federal OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04 was \$500,000.
- The District qualified as a "low-risk" auditee for state programs under the provisions of section 530 of the federal circular. However, the District did not qualify as a "low-risk" auditee for federal programs under the provisions of section 530 of the Circular.

DENVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

Status of Prior Year Findings:

The District had no prior year audit findings.