

SCHOOL DISTRICT
OF
POMPTON LAKES BOROUGH

Pompton Lakes Borough School District
Pompton Lakes, New Jersey

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

Comprehensive Annual Financial Report

of the

Pompton Lakes Borough Board of Education

Pompton Lakes, New Jersey

For the Fiscal Year Ended June 30, 2010

Prepared by

Pompton Lakes Board of Education

Finance Department

POMPTON LAKES BOROUGH SCHOOL DISTRICT
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INTRODUCTORY SECTION

POMPTON LAKES PUBLIC SCHOOLS

237 VAN AVENUE
 POMPTON LAKES, NJ 07442
 (973) 835-1553
 Fax (973) 835-1748

Nancy M. Ciavaglia, CPA
 Business Administrator/Board Secretary

October 7, 2010

The Honorable President and Members of
 the Board of Education
 Pompton Lakes Borough School District
 County of Passaic, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report of the Pompton Lakes Borough 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 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 the 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 internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Pompton Lakes Borough 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 Pompton Lakes Borough 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 12. These services include regular, vocational as well as special education for handicapped youngsters. The District completed the 2009-10 fiscal year with an average daily enrollment of 1,742 students, which is a decrease of 14 students from the previous year's enrollment.

The Honorable President and Members of
 the Board of Education
 Pompton Lakes Borough School District
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The following details the changes in student enrollment over the last five years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment Student Enrollment</u>	<u>Percent Change</u>
2009-2010	1,742	-0.80%
2008-2009	1,756	-3.36%
2007-2008	1,817	0.94%
2006-2007	1,800	-0.28%
2005-2006	1,805	-1.90%

2) ECONOMIC CONDITION AND OUTLOOK: The 2009-2010 school district budget marked the 14th consecutive budget passed by the community. Included in these fourteen years were three years that also had a second question.

3) MAJOR INITIATIVES: Over the course of the past school year, the District began work on the High School boiler replacement project. The passage of this referendum in 2009 allowed the financial means to add a new heating system in the high school and air conditioning in the auditorium and gymnasium. Areas of the building affected by the construction were renovated at the same time.

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 major federal and state awards programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

The Honorable President and Members of
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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 Financial Statements", Note 1.

7) DEBT ADMINISTRATION: At June 30, 2010, the District's outstanding debt issues include \$122,739 of Economic Development Loans, and \$4,853,000 of serial bonds for capital improvements to the District's buildings.

8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 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. Insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the District's CAFR.

The Board is a member of the Pooled Insurance Program of New Jersey (PIP). The PIP is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance coverage for their respective members. Additional information on the PIP is included in Note 11 to the Financial Statements.

The Honorable President and Members of
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Pompton Lakes Borough School District
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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. 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 auditor's 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 Pompton Lakes Borough 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,

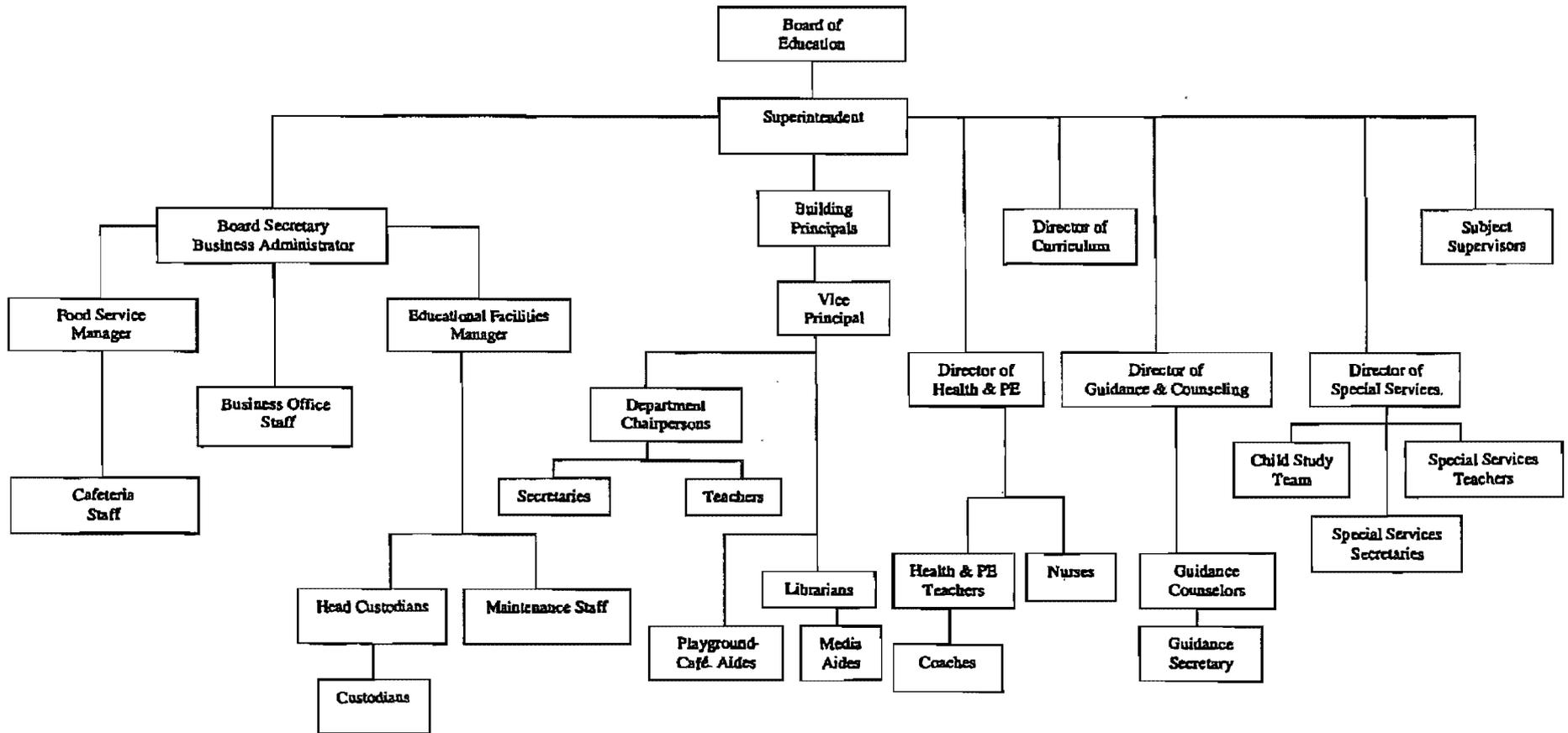


Terrance R. Brennan
Superintendent



Nancy M. Clavaglia
Business Administrator/Board Secretary

POMPTON LAKES SCHOOL DISTRICT ORGANIZATIONAL CHART



**POMPTON LAKES BOROUGH SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2010**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mary T. Curran, President	2011
Raymond Keating, III, Vice President	2012
William D. Baig	2013
Joel Bernstock	2011
Catherine Brolsma	2012
Joyce Colfax	2011
Carl Padula	2013
Tom Salus	2012
Stephanie Shaw	2013
Shawn Dougherty (Riverdale Representative)	

Other Officers

Terrance R. Brennan, Superintendent of Schools
 Nancy M. Ciavaglia, CPA, Board Secretary/Business Administrator
 Herbert Diamond, Treasurer of School Monies
 Phillip Stern, Board Attorney

POMPTON LAKES BOROUGH DISTRICT
Consultants and Advisors

Architect

Environetics
180 Sylvan Avenue
Englewood Cliffs, NJ 07632

Audit Firm

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

Attorney

Adams, Stern, Gutierrez & Lattiboudere
744 Broad Street
Newark, NJ 07102

Bond Attorney

McManimon & Scotland, LLC
One Riverfront Plaza, 4th Floor
Newark, NJ 07102

FINANCIAL SECTION



Mount Arlington Corporate Center
 200 Valley Road Suite 300
 Mount Arlington, NJ 07856
 Phone: 973-328-1825
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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
 Pompton Lakes Borough School District
 County of Passaic, 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 Pompton Lakes Borough School District in the County of Passaic as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements, as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Governmental 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 Pompton Lakes Borough School District in the County of Passaic 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 October 7, 2010 on our consideration of the Pompton Lakes Borough 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.

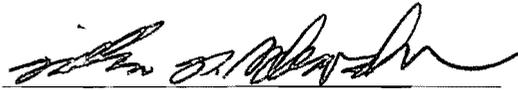
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The Management's Discussion and Analysis and Budgetary Comparison Information on Schedules C-1 through C-3 and I-3 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Pompton Lakes District's basic financial statements. The accompanying introductory section, other supplementary information such as the combining and individual fund financial statements, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by 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 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.

October 7, 2010
Mount Arlington, New Jersey

NISIVOCCIA & COMPANY LLP



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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Management Discussion and Analysis
For Fiscal Year Ended June 30,2010
(Unaudited)**

This section of Pompton Lakes Borough 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 declined during the year.
- Overall revenue was \$31.17 million.
- Actual General Fund revenue (net of TPAF non-contributory insurance, post retirement and social security contributions) was \$16,194 higher than expected.
- Enrollment in the District and cost per pupil remains relatively stable.

Overview of the Financial Statements

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

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

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

Figure A-1
Organization of Pompton Lakes Borough School District's Financial Report

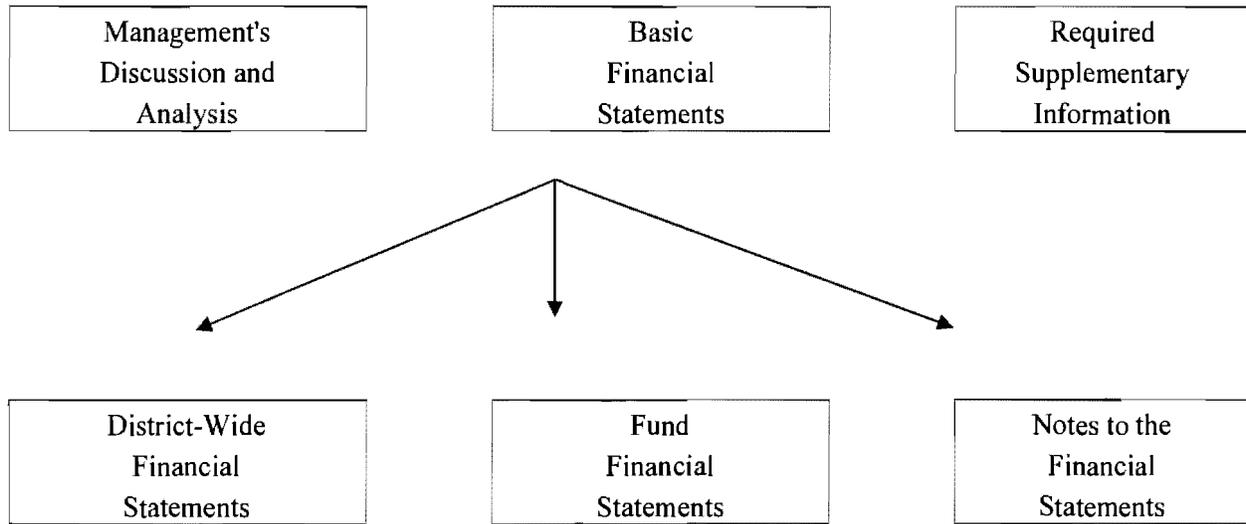


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as 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 are included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as 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.
- *Notes to financial statements*: Provide additional information essential for a full understanding of District-Wide and fund financial statements.

Financial Analysis of the District as a Whole

Net Assets. The District's combined net assets decreased by 14.95%. Net assets from governmental activities decreased \$435,468 and net assets from business-type activities decreased by \$49. Net assets invested in capital assets increased \$3,338,808, restricted net assets decreased \$3,259,163 and unrestricted net assets decreased \$515,162.

Figure A-3

	Condensed Statement of Net Assets						Percentage Change 2009/2010
	Government Activities		Business-Type Activities		Total School District		
	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	
Current and							
Other Assets	\$ 6,034,624	\$ 2,981,174	\$ 111,397	\$ 103,004	\$ 6,146,021	\$ 3,084,178	-49.82%
Capital Assets	3,756,737	6,964,900	139,027	151,390	3,895,764	7,116,290	82.67%
Total Assets	<u>9,791,361</u>	<u>9,946,074</u>	<u>250,424</u>	<u>254,394</u>	<u>10,041,785</u>	<u>10,200,468</u>	1.58%
Long-Term Debt							
Outstanding	6,920,696	7,377,302			6,920,696	7,377,302	6.60%
Other Liabilities	207,051	340,626		4,019	207,051	344,645	66.45%
Total Liabilities	<u>7,127,747</u>	<u>7,717,928</u>		<u>4,019</u>	<u>7,127,747</u>	<u>7,721,947</u>	8.34%
Net Assets:							
Invested in Capital							
Assets, Net of							
Related Debt/(Deficit)	(1,337,284)	1,989,161	139,027	151,390	(1,198,257)	2,140,551	278.64%
Restricted	5,422,599	2,163,436			5,422,599	2,163,436	-60.10%
Unrestricted/ (Deficit)	<u>(1,421,701)</u>	<u>(1,924,451)</u>	<u>111,397</u>	<u>98,985</u>	<u>(1,310,304)</u>	<u>(1,825,466)</u>	-39.32%
Total Net Assets	<u>\$ 2,663,614</u>	<u>\$ 2,228,146</u>	<u>\$ 250,424</u>	<u>\$ 250,375</u>	<u>\$ 2,914,038</u>	<u>\$ 2,478,521</u>	-14.95%

Changes in Net Assets. The District's combined net assets were \$2,478,521 on June 30, 2010, \$435,517 or 14.95% less than they were the year before. (See Figure A-3). Depreciation of District capital assets has been included in both the net assets and the expenditures of the District. The depreciation factored into the net assets of the District as an expenditure and reduction of net assets is \$282,582.

Figure A-4

Change in Net Assets from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	Change 2009/2010
Revenue:							
Program Revenue:							
Charges for Services	\$ 1,746,583	\$ 1,760,349	\$ 292,737	\$ 283,655	\$ 2,039,320	\$ 2,044,004	0.23%
Operating Grants and Contributions	3,413,585	3,658,773	88,837	106,192	3,502,422	3,764,965	7.50%
General Revenue:							
Property Taxes	20,512,689	21,821,305			20,512,689	21,821,305	6.38%
State Aid	3,714,593	3,482,076			3,714,593	3,482,076	-6.26%
Other	67,114	59,025	239	57	67,353	59,082	-12.28%
Total Revenue	29,454,564	30,781,528	381,813	389,904	29,836,377	31,171,432	4.47%
Expenses:							
Instruction	17,067,696	18,283,129			17,067,696	18,283,129	7.12%
Pupil and Instruction Services	5,325,118	5,481,063			5,325,118	5,481,063	2.93%
Administrative and Business	2,700,403	3,125,953			2,700,403	3,125,953	15.76%
Maintenance and Operations	3,184,484	3,239,984			3,184,484	3,239,984	1.74%
Transportation	808,315	694,479			808,315	694,479	-14.08%
Other	248,558	392,388	359,002	389,953	607,560	782,341	28.77%
Total Expenses	29,334,574	31,216,996	359,002	389,953	29,693,576	31,606,949	6.44%
Increase/(Decrease) in							
Net Assets	\$ 119,990	\$ (435,468)	\$ 22,811	\$ (49)	\$ 142,801	\$ (435,517)	-404.98%

Revenue Sources. The District's total revenue for the 2009/10 school year was \$31,171,432. (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$21,821,305 of the total, or 70.01 percent. (See Figure A-5). Another 23.25 percent came from state and federal aid for specific programs and contributions and the remainder from charges for services and other miscellaneous sources. It is important to note that of the Categorical Grants amount of \$4,008,093 over \$860,000 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. Pompton Lakes Borough School District primarily conducts its operations from the revenues it receives from its local taxpayers and state formula aid.

Figure A-5**Sources of Revenue for Fiscal Year 2010**

	Amount	Percentage
Sources of Income:		
State Formula Aid	\$ 3,238,948	10.39%
Property Taxes	21,821,305	70.01%
Federal and State Categorical Grants	4,008,093	12.86%
Charges for Services	2,044,004	6.56%
Other	59,082	0.19%
	<u>\$ 31,171,432</u>	<u>100.00%</u>

The total cost of all programs and services was \$31,606,949. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (77.40 percent). (See Figure A-6). The District's administrative and business activities accounted for 9.89 percent of total costs.

Figure A-6**Expenses for Fiscal Year 2010**

	Amount	Percentage
Expense Category:		
Instruction	\$ 18,283,129	57.86%
Pupil and Instruction Services	5,481,063	17.34%
Administrative and Business	3,125,953	9.89%
Maintenance and Operations	3,239,984	10.25%
Transportation	694,479	2.20%
Other	782,341	2.48%
	<u>\$ 31,606,949</u>	<u>100.00%</u>

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District declined during the year. Maintaining existing programs with current enrollment, the provision of a multitude of special programs/services for disabled pupils, and the double digit increases in District insurance policies place great demand on the District's resources. As a result, careful management of expenses remains essential for the District to sustain its financial health.

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	
	2008/2009	2009/2010	2008/2009	2009/2010
Sources of Income:				
Instruction	\$ 17,067,696	\$ 18,283,129	\$ 13,936,556	\$ 14,887,747
Pupil and Instruction Services	5,325,118	5,481,063	3,442,113	3,567,697
Administrative and Business	2,700,403	3,125,953	2,700,403	3,125,953
Maintenance and Operations	3,184,484	3,239,984	2,184,484	3,239,984
Transportation	808,315	694,479	662,292	584,105
Other	248,558	392,388	248,558	392,388
	<u>\$ 29,334,574</u>	<u>\$ 31,216,996</u>	<u>\$ 23,174,406</u>	<u>\$ 25,797,874</u>

- The cost of all governmental activities this year was \$31.22 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$7.14 million).
- Most of the District's costs (\$21.82 million), however, were financed by District taxpayers.
- The remainder of the funding came from tuition, miscellaneous revenue, charges for services and investment earnings (\$1.82 million).

Business-Type Activities

Net assets from the District's business-type activity decreased by \$49. (Refer to Figure A-4).

Financial Analysis of the District's Funds

The District's financial position declined due to difficult economic times. Expense accounts have relatively no contingencies. With a budget this tight, it is virtually impossible to build a sound surplus. To maintain a stable 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 were for changes made within budgetary line items for changes in school-based needs for programs and supplies.

Capital Asset and Debt Administration

Figure A-8

	Capital Assets (Net of Depreciation)						Percentage Change 2009/2010
	Government Activities		Business-Type Activities		Total School District		
	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	
Land	\$ 1,594,700	\$ 1,594,700			\$ 1,594,700	\$ 1,594,700	0.00%
Construction in Progress	217,627	3,636,945			217,627	3,636,945	100.00%
Buildings and Building Improvements	1,427,814	1,245,333			1,427,814	1,245,333	-12.78%
Machinery and Equipment	<u>516,596</u>	<u>487,922</u>	<u>\$ 139,027</u>	<u>\$ 151,390</u>	<u>655,623</u>	<u>639,312</u>	-2.49%
Total Capital Assets (Net of Depreciation)	<u>\$ 3,756,737</u>	<u>\$ 6,964,900</u>	<u>\$ 139,027</u>	<u>\$ 151,390</u>	<u>\$ 3,895,764</u>	<u>\$ 7,116,290</u>	<u>82.67%</u>

Long-term Debt

At year-end, the District had \$4,975,739 in general obligation bonds and economic development authority loan payable – as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

Figure A-9

	Outstanding Long-Term Debt		
	Total School District		Percentage Change 2009/2010
	2008/2009	2009/2010	
General Obligation Bonds (Financed with Property Taxes)	\$ 4,943,000	\$ 4,853,000	-1.82%
Other Long-Term Liabilities	<u>1,977,696</u>	<u>2,524,302</u>	<u>27.64%</u>
	<u>\$ 6,920,696</u>	<u>\$ 7,377,302</u>	<u>6.60%</u>

- The District successfully passed a Bond Referendum to replace the entire boiler system at Pompton Lakes High School. \$4,256,000 School Bonds were sold on April 8, 2009, to be paid back over 15 years. The first interest payment was due March 1, 2010 and the first principal payment is scheduled for September 1, 2010.

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 two existing circumstances that could significantly affect its financial health in the future:

- Significant increases for most District insurance policies.
- Continued fiscal problems at the state level which could affect future state aid revenue.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 237 Van Avenue, Pompton Lakes, New Jersey 07442.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

POMPTON LAKES BOROUGH SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 1,594,469	\$ 92,524	\$ 1,686,993
Receivables:			
Other Governments	770,225	7,047	777,272
Other	132,076		132,076
Inventory		7,133	7,133
Internal Balances	3,700	(3,700)	
Restricted Assets:			
Capital Reserve Account - Cash	480,704		480,704
Capital Assets, Net:			
Sites (Land) and Construction in Progress	5,231,645		5,231,645
Depreciable Buildings and Building Improvements and Machinery and Equipment	1,733,255	151,390	1,884,645
Total Assets	<u>9,946,074</u>	<u>254,394</u>	<u>10,200,468</u>
LIABILITIES:			
Accrued Interest Payable	44,338		44,338
Accounts Payable - Vendors	249,905	4,019	253,924
Payable to State Government	26,147		26,147
Deferred Revenue	20,236		20,236
Noncurrent Liabilities:			
Due Within One Year	351,271		351,271
Due Beyond One Year	7,026,031		7,026,031
Total Liabilities	<u>7,717,928</u>	<u>4,019</u>	<u>7,721,947</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	1,989,161	151,390	2,140,551
Restricted for:			
Debt Service	46,629		46,629
Capital Projects	1,179,759		1,179,759
Other Purposes	937,048		937,048
Unrestricted/(Deficit)	(1,924,451)	98,985	(1,825,466)
Total Net Assets	<u>\$ 2,228,146</u>	<u>\$ 250,375</u>	<u>\$ 2,478,521</u>

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

POMPTON LAKES BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 13,607,789		\$ 2,024,142		\$ (11,583,647)		\$ (11,583,647)
Special Education	3,422,800		1,371,240		(2,051,560)		(2,051,560)
Other Special Instruction	672,278				(672,278)		(672,278)
Other Instruction	580,262				(580,262)		(580,262)
Support Services:							
Tuition	1,563,883	\$ 1,760,349			196,466		196,466
Student & Instruction Related Services	3,917,180		153,017		(3,764,163)		(3,764,163)
General Administrative Services	625,837				(625,837)		(625,837)
School Administrative Services	1,928,409				(1,928,409)		(1,928,409)
Plant Operations and Maintenance	3,239,984				(3,239,984)		(3,239,984)
Pupil Transportation	694,479		110,374		(584,105)		(584,105)
Central Services	571,707				(571,707)		(571,707)
Transfer to Charter School	16,506				(16,506)		(16,506)
Interest on Long-Term Debt	187,534				(187,534)		(187,534)
Unallocated Depreciation	188,348				(188,348)		(188,348)
Total Governmental Activities	\$ 31,216,996	\$ 1,760,349	\$ 3,658,773	\$ -0-	\$ (25,797,874)	\$ -0-	\$ (25,797,874)

POMPTON LAKES BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Business-Type Activities:							
Food Service	\$ 389,953	\$ 283,655	\$ 106,192			\$ (106)	\$ (106)
Total Business-Type Activities	389,953	283,655	106,192			(106)	(106)
Total Primary Government	<u>\$ 31,606,949</u>	<u>\$ 2,044,004</u>	<u>\$ 3,764,965</u>	<u>\$ -0-</u>	<u>\$ (25,797,874)</u>	<u>\$ (106)</u>	<u>\$ (25,797,980)</u>
General Revenue:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					\$ 21,518,703		\$ 21,518,703
Taxes Levied for Debt Service					302,602		302,602
Federal and State Aid not Restricted					3,482,076		3,482,076
Investment Earnings					14,717	\$ 57	14,774
Miscellaneous Income					44,308		44,308
Total General Revenue, Special Items, Extraordinary Items and Transfers					<u>25,362,406</u>	<u>57</u>	<u>25,362,463</u>
Change in Net Assets					(435,468)	(49)	(435,517)
Net Assets - Beginning					<u>2,663,614</u>	<u>250,424</u>	<u>2,914,038</u>
Net Assets - Ending					<u>\$ 2,228,146</u>	<u>\$ 250,375</u>	<u>\$ 2,478,521</u>

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

FUND FINANCIAL STATEMENTS

POMPTON LAKES BOROUGH 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	\$ 833,697	\$ 14,476	\$ 699,667	\$ 46,629	\$ 1,594,469
Receivables:					
Other Governments	616,298	153,927			770,225
Other	118,533	13,543			132,076
Interfund	115,972				115,972
Restricted Cash and Cash Equivalents	480,704				480,704
Total Assets	\$ 2,165,204	\$ 181,946	\$ 699,667	\$ 46,629	\$ 3,093,446
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable - Vendors	\$ 226,002	\$ 23,291	\$ 612		\$ 249,905
Interfund Payable		112,272			112,272
Payable to State Government		26,147			26,147
Deferred Revenue		20,236			20,236
Total Liabilities	226,002	181,946	612		408,560
Fund Balances:					
Reserved For:					
Encumbrances	207,202		124,831		332,033
Capital Reserve Account	480,704				480,704
Excess Surplus	329,846				329,846
Excess Surplus -- Designated For Subsequent Year's Expenditures	400,000				400,000
Unreserved, Reported In:					
General Fund	479,339				479,339
General Fund - Designated for Subsequent Year's Expenditures	42,111				42,111
Debt Service Fund				\$ 46,530	46,530
Debt Service Fund - Designated for Subsequent Year's Expenditures				99	99
Capital Projects Fund			574,224		574,224
Total Fund Balances	1,939,202		699,055	46,629	2,684,886
Total Liabilities and Fund Balances	\$ 2,165,204	\$ 181,946	\$ 699,667	\$ 46,629	\$ 3,093,446

Amounts Reported for *Governmental Activities* in the Statement of

Net Assets (A-1) are Different Because:

Total Fund Balances per Above	\$ 2,684,886
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$25,433,316 and the accumulated depreciation is \$18,468,416.	6,964,900
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.	(7,377,302)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(44,338)
Net Assets of Governmental Activities	<u>\$ 2,228,146</u>

POMPTON LAKES BOROUGH 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	\$ 21,518,703			\$ 302,602	\$ 21,821,305
Tuition Charges	1,760,349				1,760,349
Interest Earned on Investments	8,695		\$ 6,022		14,717
Miscellaneous	44,308	\$ 20,118			64,426
Total - Local Sources	23,332,055	20,118	6,022	302,602	23,660,797
State Sources	5,724,091	88,354		28,220	5,840,665
Federal Sources	575,256	704,810			1,280,066
Total Revenues	29,631,402	813,282	6,022	330,822	30,781,528
EXPENDITURES:					
Current:					
Regular Instruction	8,166,161	153,326			8,319,487
Special Education Instruction	2,912,191	506,939			3,419,130
Other Special Instruction	672,278				672,278
Other Instruction	580,262				580,262
Support Services and Undistributed Costs:					
Tuition	1,563,883				1,563,883
Student & Instruction Related Services	3,148,090	153,017			3,301,107
General Administrative Services	508,664				508,664
School Administrative Services	1,329,247				1,329,247
Central Services	428,850				428,850
Plant Operations and Maintenance	2,690,438				2,690,438
Pupil Transportation	694,479				694,479
Unallocated Benefits	6,616,995				6,616,995
Transfer to Charter School	16,506				16,506

POMPTON LAKES BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
EXPENDITURES:					
Debt Service:					
Principal				\$ 118,282	\$ 118,282
Interest and Other Charges				166,012	166,012
Capital Outlay	\$ 102,093		\$ 3,419,318		3,521,411
Total Expenditures	<u>29,430,137</u>	<u>\$ 813,282</u>	<u>3,419,318</u>	<u>284,294</u>	<u>33,947,031</u>
Excess/(Deficiency) of Revenue over Expenditures	201,265		(3,413,296)	46,528	(3,165,503)
OTHER FINANCING SOURCES/(USES):					
Transfers In	6,022				6,022
Transfers Out			(6,022)		(6,022)
Total Other Financing Sources/(Uses)	<u>6,022</u>		<u>(6,022)</u>		
Net Change in Fund Balances	207,287		(3,419,318)	46,528	(3,165,503)
Fund Balance—July 1	<u>1,731,915</u>		<u>4,118,373</u>	<u>101</u>	<u>5,850,389</u>
Fund Balance—June 30	<u>\$ 1,939,202</u>	<u>\$ -0-</u>	<u>\$ 699,055</u>	<u>\$ 46,629</u>	<u>\$ 2,684,886</u>

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

POMPTON LAKES BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, 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) \$ (3,165,503)

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

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

Depreciation expense	\$	(268,787)	
Capital outlays		3,480,033	
Deletions		<u>(3,083)</u>	
			3,208,163

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 reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation. (+) (574,888)

Repayment of bond principal and loans 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. (+) 118,282

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+) (21,522)

Change in Net Assets of Governmental Activities \$ (435,468)

POMPTON LAKES BOROUGH SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AS OF JUNE 30, 2010

	<u>Business-Type Activities - Enterprise Funds</u> Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 92,524
Accounts Receivable:	
State	402
Federal	6,645
Inventories	7,133
Total Current Assets	<u>106,704</u>
Non-Current Assets	
Capital Assets	244,262
Accumulated Depreciation	<u>(92,872)</u>
Total Non-Current Assets	<u>151,390</u>
Total Assets	<u>258,094</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable - Vendors	4,019
Interfund - General Fund	<u>3,700</u>
Total Current Liabilities	<u>7,719</u>
<u>NET ASSETS:</u>	
Invested in Capital Assets	151,390
Unrestricted	<u>98,985</u>
Total Net Assets	<u>\$ 250,375</u>

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

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

	<u>Business-Type Activities - Enterprise Funds Food Service</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 283,655
Total Operating Revenue	<u>283,655</u>
Operating Expenses:	
Cost of Sales	177,297
Salaries, Benefits and Payroll Taxes	184,532
Management Fee	9,594
Other Purchased Services	3,172
Supplies and Materials	1,563
Depreciation Expense	13,795
Total Operating Expenses	<u>389,953</u>
Operating Loss	<u>(106,298)</u>
Non-Operating Income:	
State Sources:	
State School Lunch Program	5,019
Federal Sources:	
National School Lunch Program	83,665
U.S.D.A Commodities	17,508
Local Sources:	
Interest Income	57
Total Non-Operating Income	<u>106,249</u>
Change in Net Assets	(49)
Net Assets - Beginning of Year	<u>250,424</u>
Net Assets - End of Year	<u><u>\$ 250,375</u></u>

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

POMPTON LAKES BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Business-Type Activities - Enterprise Funds Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 283,655
Payments to Food Service Vendor	<u>(355,518)</u>
Net Cash Used for Operating Activities	<u>(71,863)</u>
Cash Flows from Investing Activities:	
Interest Income	<u>57</u>
Net Cash Provided by Investing Activities	<u>57</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	<u>(26,158)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(26,158)</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from State and Federal Reimbursements	<u>87,785</u>
Net Cash Provided by Noncapital Financing Activities	<u>87,785</u>
Net Decrease in Cash and Cash Equivalents	(10,179)
Cash and Cash Equivalents, July 1	<u>102,703</u>
Cash and Cash Equivalents, June 30	<u>\$ 92,524</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (106,298)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	13,795
Federal Food Distribution Program	17,508
Changes in Assets and Liabilities:	
(Increase) in Inventory	(887)
Increase in Accounts Payable	<u>4,019</u>
Net Cash Used for Operating Activities	<u>\$ (71,863)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$17,508 for the fiscal year ended June 30, 2010.

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

POMPTON LAKES BOROUGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>
<u>ASSETS:</u>		
Cash and Cash Equivalents	\$ 246,120	\$ 92,989
Total Assets	<u>246,120</u>	<u>92,989</u>
<u>LIABILITIES:</u>		
Payroll Deductions and Withholdings	52,690	
Due to Student Groups	<u>193,430</u>	
Total Liabilities	<u>246,120</u>	
<u>NET ASSETS:</u>		
Held in Trust for Unemployment Claims		<u>92,989</u>
Total Net Assets	<u>\$ -0-</u>	<u>\$ 92,989</u>

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

POMPTON LAKES BOROUGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Unemployment Compensation Trust</u>
<u>ADDITIONS:</u>	
Contributions:	
Plan Members	<u>\$ 46,184</u>
Total Contributions	<u>46,184</u>
Investment Earnings:	
Interest	<u>220</u>
Net Investment Earnings	<u>220</u>
Total Additions	<u>46,404</u>
 <u>DEDUCTIONS:</u>	
Unemployment Compensation Claims	<u>37,907</u>
Total Deductions	<u>37,907</u>
Change in Net Assets	8,497
Net Assets—Beginning of the Year	<u>84,492</u>
Net Assets—End of the Year	<u>\$ 92,989</u>

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

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE 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 Pompton Lakes Borough 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, middle and senior high schools located in the Borough of Pompton Lakes. 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

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE 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)

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.

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 the 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.

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE 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. All budget Amendments/Transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual 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 June state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 29,632,091	\$ 817,530
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenues while the GAAP Basis does not		(4,248)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	410,499	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(411,188)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 29,631,402	\$ 813,282

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

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.

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:

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

K. Capital Assets: (Cont'd)

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

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

L. Long-Term Liabilities

In the 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. Bonds 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.

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 various employee contracts/agreements. Upon termination, employees are paid for accrued vacation. These employee contracts/agreements permit 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 applicable District employee contract/agreement.

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.

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

P. Fund Balance Appropriated:

General Fund: Of the \$1,939,202 General Fund fund balance at June 30, 2010, \$207,202 is reserved for encumbrances; \$480,704 is reserved in the capital reserve account; \$729,846 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701); \$400,000 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2011 and \$329,846 will be appropriated and included as anticipated revenue for the year ending June 30, 2012. \$42,111 of unreserved fund balance has been included as anticipated revenue for the year ending June 30, 2011 and \$479,339 is unreserved and undesignated.

Capital Projects Fund: Of the \$699,055 Capital Projects Fund fund balance at June 30, 2010, \$124,831 is reserved for encumbrances and \$574,224 is unreserved and undesignated.

Debt Service Fund: Of the \$46,629 Debt Service Fund fund balance at June 30, 2010, \$99 of unreserved fund balance will be included as anticipated revenue for the year ending June 30, 2011 and \$46,530 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 had excess surplus as noted above.

The District's unreserved/undesignated fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$411,188 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 June state aid payments in the subsequent fiscal year, the school District cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

Q. 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.

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

R. Deficit Net Assets

The \$1,924,451 deficit in unrestricted governmental activities net assets at June 30, 2010 resulted from the accrual of \$44,338 interest payable and \$2,401,563 compensated absences payable. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

S. 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 encumbrances, a capital reserve and excess surplus as defined by State law.

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.

U. Operating Revenue and Expenses

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

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.

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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, and short-term investments with original maturities of three months or less.

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

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

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

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

Deposits:

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

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

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

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

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

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
 (Continued)

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

Investments:

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

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

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

	Cash and Cash Equivalents	Capital Reserve Account	Total
Checking Accounts	\$ 2,026,102	\$ 480,704	\$ 2,506,806

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
 (Continued)

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

Investments: (Cont'd)

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 \$2,506,806 and the bank balance was \$3,033,078.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Pompton Lakes Board of Education 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 amount or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-5.1(d)7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning balance, July 1, 2009	\$ 479,505
Interest earnings	1,199
Ending balance, June 30, 2010	\$ 480,704

The balance in the capital reserve account at June 30, 2010 does not exceed the LRFP balance of local support costs of uncompleted capital projects.

NOTE 5. TRANSFER TO CAPITAL OUTLAY

During the year ended June 30, 2010, the District transferred \$173,901 to the capital outlay accounts. The transfers were made for equipment and therefore did not require approval from the County Superintendent.

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE 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:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 1,594,700			\$ 1,594,700
Construction in Progress	217,627	\$ 3,419,318		3,636,945
Total Capital Assets Not Being Depreciated	<u>1,812,327</u>	<u>3,419,318</u>		<u>5,231,645</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	18,944,957			18,944,957
Machinery and Equipment	1,213,773	60,715	\$ 17,774	1,256,714
Total Capital Assets Being Depreciated	<u>20,158,730</u>	<u>60,715</u>	<u>17,774</u>	<u>20,201,671</u>
Governmental Activities Capital Assets	<u>21,971,057</u>	<u>3,480,033</u>	<u>17,774</u>	<u>25,433,316</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(17,517,143)	(182,481)		(17,699,624)
Machinery and Equipment	(697,177)	(86,306)	(14,691)	(768,792)
	<u>(18,214,320)</u>	<u>(268,787)</u>	<u>(14,691)</u>	<u>(18,468,416)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 3,756,737</u>	<u>\$ 3,211,246</u>	<u>\$ 3,083</u>	<u>\$ 6,964,900</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 225,054	\$ 26,158	\$ 6,950	\$ 244,262
Less Accumulated Depreciation	(86,027)	(13,795)	(6,950)	(92,872)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 139,027</u>	<u>\$ 12,363</u>	<u>\$ -0-</u>	<u>\$ 151,390</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 14,035
Student & Instruction Related Services	18,981
General Administrative Services	23,600
School Administrative Services	8,979
Plant Operations and Maintenance	14,844
Unallocated	188,348
	<u>\$ 268,787</u>

The District had an active construction project for improvements to the high school with a balance remaining of \$699,055 as of June 30, 2010.

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 7. 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</u> <u>6/30/2009</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2010</u>
Compensated Absences Payable	\$ 1,826,675	\$ 899,987	\$ 325,099	\$ 2,401,563
Serial Bonds Payable	4,943,000		90,000	4,853,000
Economic Development Authority Loans Payable	<u>151,021</u>		<u>28,282</u>	<u>122,739</u>
	<u>\$ 6,920,696</u>	<u>\$ 899,987</u>	<u>\$ 443,381</u>	<u>\$ 7,377,302</u>

A. Bonds and Loans 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.

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

<u>Final Maturity Date</u>	<u>Serial Bonds</u> <u>Interest Rate</u>	<u>Amount</u>
8/1/2015	5.5%-5.8%	\$ 597,000
9/1/2024	3.0%-4.0%	<u>4,256,000</u>
		<u>\$ 4,853,000</u>

Economic Development Authority Loans Payable

The Board has entered into a loan agreement with the New Jersey Economic Development Agency, for the financing relating to various school improvements.

\$340,406, 1994 loan due in annual installments of \$13,125 to \$25,219 through July 15, 2013, interest at 5.28%.	\$ 94,641
\$133,468, 1994 loan due in annual installments of \$7,125 through July 15, 2013, interest at 1.50%.	<u>28,098</u>
	<u>\$ 122,739</u>

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

A. Bonds and Loans Payable: (Cont'd)

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 314,188	\$ 180,960	\$ 495,148
2012	320,141	168,482	488,623
2013	326,167	155,702	481,869
2014	332,243	142,617	474,860
2015	325,000	129,722	454,722
2016-2020	1,542,000	485,979	2,027,979
2021-2025	1,816,000	182,167	1,998,167
	<u>\$ 4,975,739</u>	<u>\$ 1,445,629</u>	<u>\$ 6,421,368</u>

The Debt Service Fund will be used to liquidate serial bonds and loans payable.

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 had no capital leases in effect during fiscal year ended June 30, 2010.

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 \$2,364,480 and the current portion of the compensated absences balance of the governmental funds is \$37,083.

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.

The General Fund will be used to liquidate Compensated Absences Payable.

NOTE 8. OPERATING LEASES

The District had commitments to lease copying equipment under operating leases which expire in February 2015. Total operating lease payments made during the year ended June 30, 2010 were \$116,532.

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 8. OPERATING LEASES (Cont'd)

Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2011	\$ 118,404
2012	118,404
2013	118,404
2014	89,505
2015	1,872
Minimum lease payments	<u>\$ 446,589</u>

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.

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.

<u>Three-Year Trend for TPAF (Paid on-behalf of District)</u>			
<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	868,184	100.00%	868,184

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

During the fiscal year ended June 30, 2010, the State of New Jersey contributed \$-0- to the TPAF for normal pension benefits on behalf of the District.

Three-Year Trend for PERS			
Year Funding June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 241,517	100.00%	\$ 241,517
2009	202,302	100.00%	202,302
2008	234,709	80.00%	187,767

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

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 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 Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS, TPAF and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. In fiscal year 2009, the State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$819,584, \$762,882 and \$1,018,551 for 2010, 2009 and 2008, respectively.

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
 (Continued)

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. Health benefits are provided to the employees through Horizon Blue Cross Blue Shield.

Property, Liability and Health Benefits

The District maintains commercial insurance coverage for property, liability, student accident, and surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The School District is a member of the Pooled Insurance Program of New Jersey (the "PIP"). The PIP provides the District with workers' compensation insurance. The PIP is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the PIP are elected.

As a member of the PIP, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the PIP were to be exhausted, members would become responsible for their respective shares of the PIP's liabilities.

The PIP can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

Selected, summarized financial information for the PIP as of June 30, 2009 is as follows:

	Pooled Insurance Program of New Jersey
Total Assets	\$ 18,004,519
Net Assets	\$ 5,033,407
Total Revenue	\$ 7,294,019
Total Expenses	\$ 5,800,018
Change in Net Assets	\$ 1,494,001
Net Assets Distribution to Participating Members	\$ 1,030,793

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Financial statements are available at the Administrators' Office, as follows:

PIP

Burton Agency
44 Bergen Street
PO Box 270
Westwood, NJ 07675
(201) 664-0310

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 interest earned, District and 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>Interest Earned</u>	<u>District/ Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2009-2010	\$ 220	\$ 46,184	\$ 37,907	\$ 92,989
2008-2009	489	41,952	39,928	84,492
2007-2008	2,340	34,288	46,535	81,979

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 remained on the balance sheet at June 30, 2010:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 115,972	
Special Revenue Fund		\$ 112,272
Enterprise Fund - Food Service		3,700
	<u>\$ 115,972</u>	<u>\$ 115,972</u>

The interfund between the General Fund and the Special Revenue Fund is the result of a cash deficit in the Special Revenue Fund due to the change in the funding method for federally funded grants. The interfund between the General Fund and the Food Service Fund is a temporary loan which will be returned in 2011.

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 14. DEFERRED COMPENSATION

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

American United Life
Met Life Investors
AXA Equitable Life Assurance
Tax Deferred Services
AIG VALIC

NOTE 15. TAX CALENDAR

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

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

NOTE 16. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Arbitrage

The District may have a liability for arbitrage payable to the federal government relative to its \$4,256,000 School Bonds dated April 30, 2009. The amount of liability at June 30, 2010, if any, is unknown.

BUDGETARY COMPARISON SCHEDULES

POMPTON LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 21,518,703		\$ 21,518,703	\$ 21,518,703	
Tuition	1,530,290		1,530,290	1,760,349	\$ 230,059
Interest Earned on Capital Reserve Funds				1,199	1,199
Miscellaneous	65,000		65,000	51,804	(13,196)
Total - Local Sources	23,113,993		23,113,993	23,332,055	218,062
State Sources:					
Special Education Categorical Aid	892,291		892,291	892,291	
Equalization Aid	3,159,530	\$ (573,285)	2,586,245	2,149,563	(436,682)
Security Aid	136,295		136,295	88,592	(47,703)
Transportation Aid	167,986		167,986	109,191	(58,795)
Reimbursement of Extraordinary Costs	274,986		274,986	614,327	339,341
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				43,638	43,638
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				819,584	819,584
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				1,007,594	1,007,594
Total State Sources	4,631,088	(573,285)	4,057,803	5,724,780	1,666,977
Federal Sources:					
ARRA Equalization Aid - Education Stabilization Fund (ESF)		551,919	551,919	551,919	
ARRA Equalization Aid - Government Service Fund (GSF)		21,366	21,366	21,366	
Early Childhood Special Education Outcome Study		1,984	1,984	1,971	(13)
Total Federal Sources		575,269	575,269	575,256	(13)
TOTAL REVENUES	27,745,081	1,984	27,747,065	29,632,091	1,885,026

POMPTON LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

	<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:					
Salaries of Teachers:					
Kindergarten	\$ 262,486	\$ (59,216)	\$ 203,270	\$ 202,337	\$ 933
Grades 1-5	2,834,180	39,702	2,873,882	2,871,442	2,440
Grades 6-8	1,609,710	(6,496)	1,603,214	1,600,383	2,831
Grades 9-12	3,036,522	81,222	3,117,744	3,114,236	3,508
Regular Programs - Home Instruction:					
Salaries of Teachers	25,000	(8,000)	17,000	11,360	5,640
Purchased Professional Educational Services	10,000	(794)	9,206	8,680	526
Regular Programs - Undistributed Instruction:					
Other Purchased Services (400-500 series)	10,616	(3,291)	7,325	5,032	2,293
General Supplies	283,912	123,754	407,666	288,133	119,533
Textbooks	68,890	(3,675)	65,215	64,558	657
Total Regular Programs	8,141,316	163,206	8,304,522	8,166,161	138,361
Special Education:					
Learning and/or Language Disabilities:					
Salaries of Teachers	199,669	(43,176)	156,493	156,493	
Other Salaries for Instruction	99,985	(13,273)	86,712	82,325	4,387
General Supplies	5,568	(2,870)	2,698	2,659	39
Textbooks		2,870	2,870	2,290	580
Total Learning and/or Language Disabilities	305,222	(56,449)	248,773	243,767	5,006

POMPTON LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Resource Room/Resource Center:					
Salaries of Teachers	\$ 1,312,213	\$ 77,210	\$ 1,389,423	\$ 1,389,423	
Other Salaries for Instruction	377,797	(1,242)	376,555	375,416	\$ 1,139
General Supplies	5,510		5,510	5,027	483
Textbooks	3,359	(1)	3,358	1,368	1,990
Total Resource Room/Resource Center	1,698,879	75,967	1,774,846	1,771,234	3,612
Autism:					
Salaries of Teachers	171,298	55,087	226,385	223,719	2,666
Other Salaries for Instruction	612,248	(52,259)	559,989	550,253	9,736
Purchased Professional-Educational Services	146,566	(44,471)	102,095	69,480	32,615
Other Purchased Services	5,000		5,000	706	4,294
General Supplies	5,926	79	6,005	6,005	
Total Autism	941,038	(41,564)	899,474	850,163	49,311
Preschool Disabilities - Part-Time:					
Salaries of Teachers	51,926	(27,224)	24,702	20,500	4,202
Other Salaries for Instruction	37,696	(7,088)	30,608	25,747	4,861
General Supplies	832		832	780	52
Total Preschool Disabilities - Part-Time	90,454	(34,312)	56,142	47,027	9,115
Home Instruction:					
Other Salaries for Instruction	10,000	(6,925)	3,075		3,075
Purchased Professional Educational Services	5,000	(4,778)	222		222
Total Home Instruction	15,000	(11,703)	3,297		3,297
Total Special Education	3,050,593	(68,061)	2,982,532	2,912,191	70,341

POMPTON LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Basic Skills/Remedial:					
Salaries of Teachers	\$ 366,017	\$ 47,092	\$ 413,109	\$ 413,109	
Other Salaries for Instruction	12,622	(12,170)	452	452	
General Supplies	2,560		2,560	2,093	\$ 467
Textbooks	2,154		2,154		2,154
Total Basic Skills/Remedial	383,353	34,922	418,275	415,654	2,621
Bilingual Education:					
Salaries of Teachers	209,176	17,594	226,770	226,770	
Other Salaries for Instruction	22,528	4,920	27,448	27,448	
General Supplies	2,486	(1)	2,485	2,406	79
Total Bilingual Education	234,190	22,513	256,703	256,624	79
School Sponsored Cocurricular Activities - Instruction:					
Salaries	139,078	(3,036)	136,042	134,284	1,758
Supplies & Materials	25,200	4,485	29,685	28,994	691
Total School Sponsored Cocurricular Activities - Instruction	164,278	1,449	165,727	163,278	2,449
School Sponsored Athletics - Instruction:					
Salaries	279,344		279,344	275,175	4,169
Purchased Services (300-500 series)	59,041		59,041	59,041	
General Supplies	50,301	23,342	73,643	69,755	3,888
Other Objects	35,982	(7,292)	28,690	13,013	15,677
Total School Sponsored Athletics - Instruction	424,668	16,050	440,718	416,984	23,734
Total Instruction	12,398,398	170,079	12,568,477	12,330,892	237,585

POMPTON LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAS Within the State - Special	\$ 327,030	\$ 50,115	\$ 377,145	\$ 375,495	\$ 1,650
Tuition to County Vocational School Districts - Regular	69,324	(12,432)	56,892	55,021	1,871
Tuition to County Vocational School Districts - Special	69,540	(36,072)	33,468	30,734	2,734
Tuition to CSSD & Regional Day Schools	91,520	(32,870)	58,650	57,200	1,450
Tuition to Private Schools for the Handicapped - Within State	958,631	28,384	987,015	983,933	3,082
Tuition - State Facilities	61,500		61,500	61,500	
Total Instruction	<u>1,577,545</u>	<u>(2,875)</u>	<u>1,574,670</u>	<u>1,563,883</u>	<u>10,787</u>
Attendance and Social Work Services:					
Salaries	17,080		17,080	17,080	
Total Attendance and Social Work Services	<u>17,080</u>		<u>17,080</u>	<u>17,080</u>	
Health Services:					
Salaries	326,619	30,035	356,654	352,904	3,750
Purchased Professional and Technical Services	20,898	11,094	31,992	31,387	605
Supplies and Materials	6,382	(78)	6,304	6,237	67
Total Health Services	<u>353,899</u>	<u>41,051</u>	<u>394,950</u>	<u>390,528</u>	<u>4,422</u>
Other Support Services - Students - Related Services:					
Salaries of Other Professional Staff	285,886	(48,643)	237,243	237,243	
Purchased Professional - Educational Services	150,000	4,055	154,055	154,055	
Supplies and Materials	1,381		1,381	1,381	
Total Other Support Services - Students - Related Services	<u>437,267</u>	<u>(44,588)</u>	<u>392,679</u>	<u>392,679</u>	

POMPTON LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Support Services - Students - Extra. Services:					
Salaries		\$ 17,357	\$ 17,357	\$ 17,357	
Purchased Professional - Educational Services	\$ 160,000	(18,636)	141,364	94,740	\$ 46,624
Total Other Support Services - Students - Extra. Services	160,000	(1,279)	158,721	112,097	46,624
Other Support Services - Guidance:					
Salaries of Other Professional Staff	476,831	13,558	490,389	489,458	931
Salaries of Secretarial and Clerical Assistants	30,576	424	31,000	31,000	
Purchased Professional - Educational Services	4,816	(3,290)	1,526	1,328	198
Supplies and Materials		3,290	3,290	3,290	
Total Other Support Services - Guidance	512,223	13,982	526,205	525,076	1,129
Other Support Services - Child Study Team:					
Salaries of Other Professional Staff	622,778	10,179	632,957	628,171	4,786
Salaries of Secretarial and Clerical Assistants	74,360	1,740	76,100	76,100	
Other Purchased Services	3,326	(60)	3,266	1,219	2,047
Supplies and Materials	24,191		24,191	23,901	290
Other Objects		60	60	60	60
Total Other Support Services - Child Study Team	724,655	11,919	736,574	729,391	7,183
Improvement of Instruction Services/Other Support Services - Instructional Staff:					
Salaries of Supervisors of Instruction	422,746	29,135	451,881	451,881	
Salaries of Other Professional Staff	31,226	974	32,200	32,200	
Other Purchased Services		500	500	439	61
Other Objects	28,000	(500)	27,500	19,503	7,997
Total Improvement of Instruction Services/Other Support Services - Instructional Staff	481,972	30,109	512,081	504,023	8,058

POMPTON LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Educational Media Services/School Library:					
Salaries	\$ 373,040	\$ 6,658	\$ 379,698	\$ 379,698	
Purchased Services (300-500 series)	18,300	1,675	19,975	19,975	
Supplies and Materials	60,391	(1,294)	59,097	58,391	\$ 706
Total Educational Media Services/School Library	<u>451,731</u>	<u>7,039</u>	<u>458,770</u>	<u>458,064</u>	<u>706</u>
Instructional Staff Training Services:					
Purchased Professional - Educational Service	21,273	(1,000)	20,273	18,270	2,003
Other Purchased Services		1,000	1,000	882	118
Total Instructional Staff Training Services	<u>21,273</u>	<u></u>	<u>21,273</u>	<u>19,152</u>	<u>2,121</u>
Support Services - General Administration:					
Salaries	292,701	36,494	329,195	329,061	134
Legal Services	37,284	(9,895)	27,389	26,909	480
Audit Fee	27,108	2	27,110	27,110	
Architectural/Engineering Services	5,000	10,895	15,895	7,346	8,549
Communications/Telephone	85,000	(25,928)	59,072	53,417	5,655
BOE Other Purchased Services	6,400	(2,530)	3,870	2,382	1,488
Miscellaneous Purchased Services (400-500)	1,000	2,400	3,400	3,383	17
Supplies and Materials	49,511	(8,194)	41,317	28,342	12,975
Miscellaneous Expenditures	13,000	4,050	17,050	16,369	681
BOE Membership Dues and Fees	16,000	(266)	15,734	14,345	1,389
Total Support Services - General Administration	<u>533,004</u>	<u>7,028</u>	<u>540,032</u>	<u>508,664</u>	<u>31,368</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	823,222	35,965	859,187	859,187	
Salaries of Other Professional Staff	66,958	2,825	69,783	69,783	
Salaries of Secretarial and Clerical Assistants	369,846	2,779	372,625	365,980	6,645
Other Purchased Services	500		500	500	
Supplies and Materials	34,176	2,718	36,894	34,297	2,597
Total Support Services - School Administration	<u>1,294,702</u>	<u>44,287</u>	<u>1,338,989</u>	<u>1,329,247</u>	<u>9,742</u>

POMPTON LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services - Central Services:					
Salaries	\$ 364,471	\$ 13,398	\$ 377,869	\$ 377,869	
Purchased Technical Services	10,100	2,000	12,100	12,100	
Misc. Purchased Services (400-500 series)	19,220	(3,383)	15,837	7,398	\$ 8,439
Supplies and Materials	38,695	(3,000)	35,695	28,642	7,053
Miscellaneous Expenditure	2,000	1,000	3,000	2,841	159
Total Support Services - Central Services	434,486	10,015	444,501	428,850	15,651
Allowable Maintenance for School Facilities:					
Salaries	297,929	75,632	373,561	332,065	41,496
Cleaning, Repair and Maintenance Services	521,708	96,190	617,898	606,711	11,187
General Supplies	210,000	(102,784)	107,216	103,662	3,554
Total Allowable Maintenance for School Facilities	1,029,637	69,038	1,098,675	1,042,438	56,237
Other Operation and Maintenance of Plant Services:					
Salaries	813,994	71,820	885,814	870,525	15,289
Salaries of Non-Instructional Aides	44,730	(11,787)	32,943	31,216	1,727
Cleaning, Repair and Maintenance Services	18,200	(6,626)	11,574	4,859	6,715
Other Purchased Property Services	42,000		42,000	28,594	13,406
Insurance	225,250	(31,007)	194,243	193,826	417
General Supplies	99,500	(11,060)	88,440	66,013	22,427
Energy (Electricity)	705,074	(87,355)	617,719	446,472	171,247
Total Other Operation and Maintenance of Plant Services	1,948,748	(76,015)	1,872,733	1,641,505	231,228
Security:					
General Supplies		13,218	13,218	6,495	6,723
Total Security		13,218	13,218	6,495	6,723
Student Transportation Services:					
Contracted Services - Aid in Lieu of Payments	914		914	914	
Contracted Services (Other than Between Home & School) - Vendors	115,832	6,622	122,454	122,253	201
Contracted Services (Bet. Home & Sch)- Joint Agreements	34,267	(6,622)	27,645	13,843	13,802
Contracted Services (Special Education Students) - Joint Agreements	730,000	(43,125)	686,875	557,469	129,406
Total Student Transportation Services	881,013	(43,125)	837,888	694,479	143,409

POMPTON LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated Benefits:					
Social Security Contributions	\$ 341,128	\$ 20,410	\$ 361,538	\$ 357,131	\$ 4,407
Other Retirement Contributions - Regular	251,401	(654)	250,747	242,109	8,638
Unemployment Compensation	28,119	16,856	44,975	44,975	
Workmen's Compensation	165,000	(8,332)	156,668	156,668	
Health Benefits	4,036,578	(467,593)	3,568,985	3,568,985	
Tuition Reimbursement	60,000	(8,939)	51,061	51,061	
Other Employee Benefits	200,582	124,668	325,250	325,250	
Total Unallocated Benefits	5,082,808	(323,584)	4,759,224	4,746,179	13,045
On-Behalf Contributions:					
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				43,638	(43,638)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				819,584	(819,584)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				1,007,594	(1,007,594)
Total On-Behalf Contributions				1,870,816	(1,870,816)
Total Undistributed Expenditures	15,942,043	(243,780)	15,698,263	16,980,646	(1,282,383)
Total Expenditures - Current Expense	28,340,441	(73,701)	28,266,740	29,311,538	(1,044,798)
Capital Outlay:					
Equipment:					
Instructional Expenditures:					
School - Sponsored and Other Instructional Programs		15,600	15,600	15,600	
Undistributed Expenditures:					
Instruction		48,034	48,034	20,772	
General Administration	7,157		7,157	7,157	
Central Services	2,566	18,425	20,991	20,991	
Operation of Plant Services	3,480	91,842	95,322	37,573	57,749
Total Equipment	13,203	173,901	187,104	102,093	85,011

POMPTON LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total Capital Outlay	\$ 13,203	\$ 173,901	\$ 187,104	\$ 102,093	\$ 85,011
Transfer of Funds to Charter Schools	16,057	449	16,506	16,506	
Total Expenditures	28,369,701	100,649	28,470,350	29,430,137	(959,787)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(624,620)	(98,665)	(723,285)	201,954	925,239
Other Financing Sources:					
Operating Transfer In:					
Transfer from Capital Projects Fund - Interest				6,022	6,022
Total Other Financing Sources				6,022	6,022
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(624,620)	(98,665)	(723,285)	207,976	931,261
Fund Balance, July 1	2,142,414		2,142,414	2,142,414	
Fund Balance, June 30	\$ 1,517,794	\$ (98,665)	\$ 1,419,129	\$ 2,350,390	\$ 931,261
<u>Recapitulation:</u>					
Reserve for Encumbrances				\$ 207,202	
Excess Surplus - Designated for Subsequent Year's Expenditures				400,000	
Reserve for Excess Surplus				329,846	
Capital Reserve				480,704	
Unreserved - Designated for Subsequent Year's Expenditures				42,111	
Unreserved/Undesignated Fund Balance				890,527	
				2,350,390	
Reconciliation to Governmental Funds Statements (GAAP):					
June State Aid Payments not recognized on GAAP Basis				(411,188)	
Fund Balance per Governmental Funds (GAAP)				\$ 1,939,202	

POMPTON LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	\$ 105,882	\$ 8,619	\$ 114,501	\$ 88,354	\$ (26,147)
Federal Sources	560,191	495,691	1,055,882	698,331	(357,551)
Local Sources		30,845	30,845	30,845	
Total Revenues	666,073	535,155	1,201,228	817,530	(383,698)
EXPENDITURES:					
Instruction					
Salaries of Teachers	118,880	(72,830)	46,050	42,250	3,800
Purchased Professional Services		57,640	57,640	29,512	28,128
Other Purchased Services	447,028	(55,281)	391,747	391,550	197
General Supplies	10,509	240,896	251,405	101,087	150,318
Textbooks	13,897	1,076	14,973	14,973	
Other Objects		1,930	1,930	1,930	
Total Instruction	590,314	173,431	763,745	581,302	182,443
Support Services					
Salaries of Other Professional Staff	12,405	55,661	68,066	66,366	1,700
Other - Employee Benefits		7,150	7,150	7,150	
Purchased Professional - Technical Services	18,760	113,472	132,232	61,227	71,005
Other Purchased Professional Services		17,756	17,756	17,756	
Tuition	44,594	35,776	80,370	54,223	26,147
Other Purchased Services		1,595	1,595	203	1,392
Supplies and Materials		14,587	14,587	13,576	1,011
Total Support Services	75,759	245,997	321,756	220,501	101,255
Facilities Acquisition and Construction Services:					
Building/Renovation		100,000	100,000		100,000
Non Instructional Equipment		15,727	15,727	15,727	
Total Facilities Acquisition and Construction Services		115,727	115,727	15,727	100,000
Total Expenditures	666,073	535,155	1,201,228	817,530	383,698
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

POMPTON LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
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	\$ 29,632,091	\$ 817,530
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis does not.		(4,248)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	410,499	
State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(411,188)	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 \$ 29,631,402	 \$ 813,282
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 29,430,137	\$ 817,530
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.		(4,248)
 Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	 \$ 29,430,137	 \$ 813,282

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

POMPTON LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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 June state aid payments for the current year. Since the State is recording the June 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

POMPTON LAKES BOROUGH 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	Title IID
	2009-10	Carryover	ARRA		
REVENUE:					
State Sources					
Federal Sources	\$ 99,494	\$ 2,822	\$ 30,293	\$ 36,849	\$ 991
Local Sources					
Total Revenue	<u>\$ 99,494</u>	<u>\$ 2,822</u>	<u>\$ 30,293</u>	<u>\$ 36,849</u>	<u>\$ 991</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	7,000		21,000		
Purchased Professional Services					
Other Purchased Services	5,625			24,000	218
General Supplies	28,239	2,822	7,483	10,617	773
Textbooks					
Other Objects					
Total Instruction	<u>40,864</u>	<u>2,822</u>	<u>28,483</u>	<u>34,617</u>	<u>991</u>
Support Services:					
Salaries of Other Professional Staff	53,966				
Other - Employee Benefits	4,664		1,607		
Purchased Professional - Technical Services				2,232	
Other Purchased Professional Services					
Tuition					
Other Purchased Services			203		
Supplies and Materials					
Total Support Services	<u>58,630</u>		<u>1,810</u>	<u>2,232</u>	
Facilities Acquisition:					
Non Instructional Equipment					
Total Facilities Acquisition					
Total Expenditures	<u>\$ 99,494</u>	<u>\$ 2,822</u>	<u>\$ 30,293</u>	<u>\$ 36,849</u>	<u>\$ 991</u>

POMPTON LAKES BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

	No Child Left Behind			IDEA Part B, Basic Regular		
	Title III	Title III Carryover	Title III Immigrant	Title IV	2009-10	ARRA
REVENUE:						
State Sources						
Federal Sources	\$ 11,192	\$ 5,900	\$ 3,960	\$ 3,956	\$ 399,146	\$ 90,709
Local Sources						
Total Revenue	\$ 11,192	\$ 5,900	\$ 3,960	\$ 3,956	\$ 399,146	\$ 90,709
EXPENDITURES:						
Instruction:						
Salaries of Teachers	6,000	2,000				
Purchased Professional Services				1,000	17,904	9,206
Other Purchased Services				465	361,242	
General Supplies	4,580		3,693	2,491	13,070	22,150
Textbooks						
Other Objects					1,930	
Total Instruction	10,580	2,000	3,693	3,956	394,146	31,356
Support Services:						
Salaries of Other Professional Staff		3,900				
Other - Employee Benefits	612		267			
Purchased Professional - Technical Services						58,995
Other Purchased Professional Services						
Tuition						
Other Purchased Services						
Supplies and Materials						358
Total Support Services	612	3,900	267			59,353
Facilities Acquisition:						
Non Instructional Equipment					5,000	
Total Facilities Acquisition					5,000	
Total Expenditures	\$ 11,192	\$ 5,900	\$ 3,960	\$ 3,956	\$ 399,146	\$ 90,709

POMPTON LAKES BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

	<u>IDEA - Part B Preschool</u>		<u>Nonpublic Auxiliary Services Compensatory Education</u>	<u>Nonpublic Handicapped Services</u>		
	<u>2009-10</u>	<u>ARRA</u>		<u>Supplemental Instruction</u>	<u>Examination & Classification</u>	<u>Corrective Speech</u>
REVENUE:						
State Sources			\$ 11,804	\$ 10,194	\$ 16,084	\$ 16,141
Federal Sources	\$ 11,676	\$ 1,343				
Local Sources						
Total Revenue	\$ 11,676	\$ 1,343	\$ 11,804	\$ 10,194	\$ 16,084	\$ 16,141
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional Services						
Other Purchased Services						
General Supplies	3,176	1,343				
Textbooks						
Other Objects						
Total Instruction	3,176	1,343				
Support Services:						
Salaries of Other Professional Staff	8,500					
Other - Employee Benefits						
Purchased Professional - Technical Services						
Other Purchased Professional Services						
Tuition			11,804	10,194	16,084	16,141
Other Purchased Services						
Supplies and Materials						
Total Support Services	8,500		11,804	10,194	16,084	16,141
Facilities Acquisition:						
Non Instructional Equipment						
Total Facilities Acquisition						
Total Expenditures	\$ 11,676	\$ 1,343	\$ 11,804	\$ 10,194	\$ 16,084	\$ 16,141

POMPTON LAKES BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

	Nonpublic Home Instruction	Nonpublic Textbook	Nonpublic Nursing	Local Grants	Totals June 30, 2010
REVENUE:					
State Sources	\$ 1,402	\$ 14,973	\$ 17,756		\$ 88,354
Federal Sources					698,331
Local Sources				\$ 30,845	30,845
Total Revenue	<u>\$ 1,402</u>	<u>\$ 14,973</u>	<u>\$ 17,756</u>	<u>\$ 30,845</u>	<u>\$ 817,530</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers				6,250	42,250
Purchased Professional Services	1,402				29,512
Other Purchased Services					391,550
General Supplies				650	101,087
Textbooks		14,973			14,973
Other Objects					1,930
Total Instruction	<u>1,402</u>	<u>14,973</u>		<u>6,900</u>	<u>581,302</u>
Support Services:					
Salaries of Other Professional Staff					66,366
Other - Employee Benefits					7,150
Purchased Professional - Technical Services					61,227
Other Purchased Professional Services			17,756		17,756
Tuition					54,223
Other Purchased Services					203
Supplies and Materials				13,218	13,576
Total Support Services			<u>17,756</u>	<u>13,218</u>	<u>220,501</u>
Facilities Acquisition:					
Non Instructional Equipment				10,727	15,727
Total Facilities Acquisition				<u>10,727</u>	<u>15,727</u>
Total Expenditures	<u>\$ 1,402</u>	<u>\$ 14,973</u>	<u>\$ 17,756</u>	<u>\$ 30,845</u>	<u>\$ 817,530</u>

CAPITAL PROJECTS FUND

Exhibit F-1

POMPTON LAKES BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Revenue and Other Financing Sources:	
Interest income	\$ 6,022
Total revenue and other financing sources	<u>6,022</u>
Expenditures and Other Financing Uses:	
Purchased professional and technical services	222,322
Construction services	3,169,262
Supplies and materials	27,581
Other objects	153
Transfer to General Fund - Interest	6,022
Total expenditures and other financing uses	<u>3,425,340</u>
Excess/(deficit) of revenue and other financing sources over/(under) expenditures and other financing uses	(3,419,318)
Fund balance - beginning of year	<u>4,118,373</u>
Fund balance - end of year	<u>\$ 699,055</u>
Recapitulation:	
Reserve for Encumbrances	\$ 124,831
Unreserved Fund Balance	<u>574,224</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 699,055</u>

POMPTON LAKES BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HIGH SCHOOL IMPROVEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Bond proceeds	\$ 4,256,000		\$ 4,256,000	\$ 4,256,000
Total revenue and other financing sources	<u>4,256,000</u>		<u>4,256,000</u>	<u>4,256,000</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	137,627	\$ 222,322	359,949	382,989
Construction services		3,169,262	3,169,262	3,835,742
Supplies and materials		27,581	27,581	37,116
Other objects		153	153	153
Total expenditures and other financing uses	<u>137,627</u>	<u>3,419,318</u>	<u>3,556,945</u>	<u>4,256,000</u>
Excess/(deficit) of revenue and other Financing sources over/(under) expenditures and other Financing uses	<u>\$ 4,118,373</u>	<u>\$ (3,419,318)</u>	<u>\$ 699,055</u>	<u>\$ -0-</u>

Additional project information:

Project Number:

High School #4230-050-09-1000

Grant Date N/A

Bond Authorization Date 03/16/2009

Bonds Authorized 4,256,000

Bonds Issued 4,256,000

Original Authorized Cost 4,256,000

Revised Authorized Cost 4,256,000

Percentage Increase over Original

Authorized Cost 0%

Percentage Completion 84%

Original target completion date 11/2009

Revised target completion date 06/2011

PROPRIETARY FUNDS

POMPTON LAKES BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 92,524
Accounts Receivable:	
State	402
Federal	6,645
Inventories	7,133

Total Current Assets	<u>106,704</u>
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Non-Current Assets

Capital Assets	244,262
Accumulated Depreciation	<u>(92,872)</u>

Total Non-Current Assets	<u>151,390</u>
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Total Assets	<u>258,094</u>
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LIABILITIES:

Current Liabilities:

Accounts Payable	4,019
Interfund - General Fund	<u>3,700</u>

Total Current Liabilities	<u>7,719</u>
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NET ASSETS:

Invested in Capital Assets	151,390
Unrestricted	<u>98,985</u>

Total Net Assets	<u>\$ 250,375</u>
------------------	-------------------

POMPTON LAKES BOROUGH 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:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 283,655
	<hr/>
Total Operating Revenue	283,655
	<hr/>
Operating Expenses:	
Cost of Sales	177,297
Salaries, Benefits and Payroll Taxes	184,532
Management Fee	9,594
Other Purchased Services	3,172
Supplies and Materials	1,563
Depreciation Expense	13,795
	<hr/>
Total Operating Expenses	389,953
	<hr/>
Operating Loss	(106,298)
	<hr/>
Non-Operating Income:	
State Sources:	
State School Lunch Program	5,019
Federal Sources:	
National School Lunch Program	83,665
U.S.D.A Commodities	17,508
Local Sources:	
Interest Income	57
	<hr/>
Total Non-Operating Income	106,249
	<hr/>
Change in Net Assets	(49)
	<hr/>
Net Assets - Beginning of Year	250,424
	<hr/>
Net Assets - End of Year	\$ 250,375
	<hr/> <hr/>

POMPTON LAKES BOROUGH 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	\$ 283,655
Payments to Food Service Vendor	(355,518)
Net Cash Used for Operating Activities	<u>(71,863)</u>
Cash Flows from Investing Activities:	
Interest Income	57
Net Cash Provided by Investing Activities	<u>57</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(26,158)
Net Cash Used for Capital and Related Financing Activities	<u>(26,158)</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from State and Federal Reimbursements	87,785
Net Cash Provided by Noncapital Financing Activities	<u>87,785</u>
Net Decrease in Cash and Cash Equivalents	(10,179)
Cash and Cash Equivalents, July 1	<u>102,703</u>
Cash and Cash Equivalents, June 30	<u>\$ 92,524</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (106,298)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	13,795
Federal Food Distribution Program	17,508
Changes in Assets and Liabilities:	
(Increase) in Inventory	(887)
Increase in Accounts Payable	4,019
Net Cash Used for Operating Activities	<u>\$ (71,863)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$17,508 for the fiscal year ended June 30, 2010.

FIDUCIARY FUNDS

POMPTON LAKES BOROUGH SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2010

	<u>Student Activities</u>	<u>Agency Payroll</u>	<u>Total Agency</u>	<u>Unemployment Compensation Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 193,430	\$ 52,690	\$ 246,120	\$ 92,989
Total Assets	<u>193,430</u>	<u>52,690</u>	<u>246,120</u>	<u>92,989</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings Due to Student Groups	193,430	52,690	52,690 193,430	
Total Liabilities	<u>193,430</u>	<u>52,690</u>	<u>246,120</u>	
<u>NET ASSETS:</u>				
Held in Trust for Unemployment Claims				<u>92,989</u>
Total Net Assets	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 92,989</u>

POMPTON LAKES BOROUGH SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010

Unemployment
Compensation Trust

ADDITIONS:

Contributions:

Plan Members

\$ 46,184

Total Contributions

46,184

Investment Earnings:

Interest

220

Net Investment Earnings

220

Total Additions

46,404

DEDUCTIONS:

Unemployment Compensation Claims

37,907

Total Deductions

37,907

Change in Net Assets

8,497

Net Assets—Beginning of the Year

84,492

Net Assets—End of the Year

\$ 92,989

POMPTON LAKES BOROUGH SCHOOL DISTRICT
STUDENT ACTIVITY 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>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 215,727	\$ 477,120	\$ 499,417	\$ 193,430
Total Assets	<u>\$ 215,727</u>	<u>\$ 477,120</u>	<u>\$ 499,417</u>	<u>\$ 193,430</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 215,727	\$ 477,120	\$ 499,417	\$ 193,430
Total Liabilities	<u>\$ 215,727</u>	<u>\$ 477,120</u>	<u>\$ 499,417</u>	<u>\$ 193,430</u>

POMPTON LAKES BOROUGH 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>Balance</u> <u>June 30, 2010</u>
Elementary Schools:				
Lincoln	\$ 14,104	\$ 15,154	\$ 14,151	\$ 15,107
Lenox	30,792	22,966	28,888	24,870
	<u>44,896</u>	<u>38,120</u>	<u>43,039</u>	<u>39,977</u>
Total Elementary Schools	44,896	38,120	43,039	39,977
Middle Schools:				
Lakeside	21,175	95,812	99,824	17,163
High School:				
Pompton Lakes High School	149,656	343,188	356,554	136,290
	<u>149,656</u>	<u>343,188</u>	<u>356,554</u>	<u>136,290</u>
Total All Schools	<u>\$ 215,727</u>	<u>\$ 477,120</u>	<u>\$ 499,417</u>	<u>\$ 193,430</u>

POMPTON LAKES BOROUGH 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>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 9,173	\$ 19,910,024	\$ 19,866,507	\$ 52,690
Total Assets	<u>\$ 9,173</u>	<u>\$ 19,910,024</u>	<u>\$ 19,866,507</u>	<u>\$ 52,690</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 9,173	\$ 19,908,297	\$ 19,864,780	\$ 52,690
Interfund Accounts Payable - General Fund		<u>1,727</u>	<u>1,727</u>	
Total Liabilities	<u>\$ 9,173</u>	<u>\$ 19,910,024</u>	<u>\$ 19,866,507</u>	<u>\$ 52,690</u>

LONG-TERM DEBT

POMPTON LAKES BOROUGH 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 June 30, 2009	Matured	Balance June 30, 2010
			Date	Amount					
Improvements to Various Schools	8/1/1995	\$ 1,597,000	08/1/2010	\$ 100,000	5.50%	\$ 687,000	\$ 90,000	\$ 597,000	
			08/1/2011	100,000	5.60%				
			08/1/2012	100,000	5.70%				
			08/1/2013-14	100,000	5.80%				
			08/1/2015	97,000	5.80%				
Improvements to Various Schools	4/30/2009	4,256,000	09/1/2010	185,000	3.00%	4,256,000		4,256,000	
			09/1/2011	190,000	3.00%				
			09/1/2012	195,000	3.00%				
			09/1/2013	200,000	3.00%				
			09/1/2014	225,000	3.00%				
			09/1/2015	250,000	3.00%				
			09/1/2016	275,000	3.00%				
			09/1/2017	285,000	3.13%				
			09/1/2018	300,000	3.38%				
			09/1/2019	335,000	3.50%				
			09/1/2020	350,000	3.75%				
			09/1/2021	360,000	3.88%				
			09/1/2022	370,000	4.00%				
			09/1/2023	370,000	4.00%				
			09/1/2024	366,000	4.00%				
						<u>\$ 4,943,000</u>	<u>\$ 90,000</u>	<u>\$ 4,853,000</u>	

POMPTON LAKES BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOT APPLICABLE

POMPTON LAKES BOROUGH 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>
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 302,602		\$ 302,602	\$ 302,602	
State Sources:					
Debt Service Aid Type II	28,220		28,220	28,220	
Total Revenue	<u>330,822</u>		<u>330,822</u>	<u>330,822</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	212,542		212,542	166,012	\$ 46,530
Redemption of Principal	118,282		118,282	118,282	
Total Regular Debt Service	<u>330,824</u>		<u>330,824</u>	<u>284,294</u>	<u>46,530</u>
Total Expenditures	<u>330,824</u>		<u>330,824</u>	<u>284,294</u>	<u>46,530</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(2)		(2)	46,528	46,530
Fund Balance, July 1	<u>101</u>		<u>101</u>	<u>101</u>	
Fund Balance, June 30	<u>\$ 99</u>	<u>\$ -0-</u>	<u>\$ 99</u>	<u>\$ 46,629</u>	<u>\$ 46,530</u>
Recapitulation:					
Unreserved - Designated for Subsequent Year's Expenditures				\$ 99	
Unreserved/Undesignated Fund Balance				<u>46,530</u>	
				<u>\$ 46,629</u>	

POMPTON LAKES BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF ECONOMIC DEVELOPMENT AUTHORITY LOANS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Loans Outstanding June 30, 2010		Interest Rate	Balance June 30, 2009	Matured	Balance June 30, 2010
			Date	Amount				
Improvements to Various Schools	7/15/1994	\$ 340,406	07/15/2010	\$ 22,164	5.28%	\$ 115,898	\$ 21,257	\$ 94,641
			07/15/2011	23,116	5.28%			
			07/15/2012	24,142	5.28%			
			07/15/2013	25,219	5.28%			
Improvements to Various Schools	7/15/1994	133,468	07/15/2010-13	7,025	1.50%	35,123	7,025	28,098
						<u>\$ 151,021</u>	<u>\$ 28,282</u>	<u>\$ 122,739</u>

STATISTICAL SECTION

This part of the District'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 District's overall financial health.

Contents

	<u>Exhibit</u>
<p>Financial Trends</p> <p>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</p>	J-1 thru J-5
<p>Revenue Capacity</p> <p>These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.</p>	J-6 thru J-9
<p>Debt Capacity</p> <p>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.</p>	J-10 thru J-13
<p>Demographic and Economic Information</p> <p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.</p>	J-14 thru J-15
<p>Operating Information</p> <p>These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.</p>	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 District implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

POMPTON LAKES 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	\$ 2,932,632	\$ 3,044,599	\$ 2,874,426	\$ 2,783,945	\$ (1,337,284)	\$ 1,989,161
Restricted	775,341	1,418,294	1,295,172	1,096,104	5,422,599	2,163,436
Unrestricted/(Deficit)	(189,035)	(976,460)	(1,731,734)	(1,336,425)	(1,421,701)	(1,924,451)
Total Governmental Activities Net Assets	\$ 3,518,938	\$ 3,486,433	\$ 2,437,864	\$ 2,543,624	\$ 2,663,614	\$ 2,228,146
Business-Type Activities:						
Invested in Capital Assets, Net of Related Debt	\$ 8,658	\$ 8,301	\$ 101,886	\$ 117,285	\$ 139,027	\$ 151,390
Unrestricted	134,603	163,295	126,869	110,328	111,397	98,985
Total Business-Type Activities Net Assets	\$ 143,261	\$ 171,596	\$ 228,755	\$ 227,613	\$ 250,424	\$ 250,375
District-Wide:						
Invested in Capital Assets, Net of Related Debt/(Deficit)	\$ 2,941,290	\$ 3,052,900	\$ 2,976,312	\$ 2,901,230	\$ (1,198,257)	\$ 2,140,551
Restricted	775,341	1,418,294	1,295,172	1,096,104	5,422,599	2,163,436
Unrestricted/(Deficit)	(54,432)	(813,165)	(1,604,865)	(1,226,097)	(1,310,304)	(1,825,466)
Total District Net Assets	\$ 3,662,199	\$ 3,658,029	\$ 2,666,619	\$ 2,771,237	\$ 2,914,038	\$ 2,478,521

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

POMPTON LAKES 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	\$ 11,061,590	\$ 11,717,150	\$ 12,965,156	\$ 13,515,282	\$ 12,729,552	\$ 13,607,789
Special Education	2,313,298	2,622,143	2,955,043	3,006,391	3,182,959	3,422,800
Other Special Instruction	472,618	606,411	439,048	528,998	590,384	672,278
Other Instruction	523,547	518,763	583,209	557,497	564,801	580,262
Support Services:						
Tuition	1,028,285	1,363,681	1,450,532	1,604,429	1,528,153	1,563,883
Student & Instruction Related Services	3,023,963	3,444,551	3,476,870	3,734,263	3,796,965	3,917,180
General Administrative Services	562,659	537,749	525,341	596,724	607,958	625,837
School Administrative Services	1,517,728	1,489,388	1,952,786	1,283,682	1,569,100	1,928,409
Plant Operations and Maintenance	2,763,872	3,002,930	3,399,752	3,135,730	3,184,484	3,239,984
Pupil Transportation	592,042	688,963	847,480	803,942	808,315	694,479
Central Services	466,238	486,483	513,983	667,030	523,345	571,707
Food Services	23,265	3,000	8,855	6,811		
Capital Outlay						
Charter Schools				16,297		
Interest on Long-Term Debt	53,611	62,397	57,057	51,676	45,632	187,534
Unallocated Depreciation	185,662	185,955	186,507	164,303	187,791	188,348
Total Governmental Activities Expenses	<u>24,588,378</u>	<u>26,729,564</u>	<u>29,361,619</u>	<u>29,673,055</u>	<u>29,334,574</u>	<u>31,216,996</u>
Business-Type Activities:						
Food Service	300,623	326,512	312,866	391,489	359,002	389,953
Total Business-Type Activities Expense	<u>300,623</u>	<u>326,512</u>	<u>312,866</u>	<u>391,489</u>	<u>359,002</u>	<u>389,953</u>
Total District Expenses	<u>\$ 24,889,001</u>	<u>\$ 27,056,076</u>	<u>\$ 29,674,485</u>	<u>\$ 30,064,544</u>	<u>\$ 29,693,576</u>	<u>\$ 31,606,949</u>
Program Revenues:						
Governmental Activities:						
Charges for Services:						
Tuition	\$ 1,414,594	\$ 1,526,671	\$ 1,716,210	\$ 1,691,670	\$ 1,746,583	\$ 1,760,349
Operating Grants and Contributions	3,356,643	3,554,046	4,408,555	4,502,289	3,413,585	3,658,773
Total Governmental Activities Program Revenues	<u>4,771,237</u>	<u>5,080,717</u>	<u>6,124,765</u>	<u>6,193,959</u>	<u>5,160,168</u>	<u>5,419,122</u>
Business-Type Activities:						
Charges for Services:						
Food Service	289,917	291,659	304,029	306,255	292,737	283,655
Operating Grants and Contributions	52,360	60,953	64,404	83,093	88,837	106,192
Total Business Type Activities Program Revenues	<u>342,277</u>	<u>352,612</u>	<u>368,433</u>	<u>389,348</u>	<u>381,574</u>	<u>389,847</u>
Total District Program Revenues	<u>\$ 5,113,514</u>	<u>\$ 5,433,329</u>	<u>\$ 6,493,198</u>	<u>\$ 6,583,307</u>	<u>\$ 5,541,742</u>	<u>\$ 5,808,969</u>

POMPTON LAKES 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	\$ (19,817,141)	\$ (21,648,847)	\$ (23,236,854)	\$ (23,479,096)	\$ (24,174,406)	\$ (25,797,874)
Business-Type Activities	41,654	26,100	55,567	(2,141)	22,572	(106)
Total District-Wide Net Expense	<u>\$ (19,775,487)</u>	<u>\$ (21,622,747)</u>	<u>\$ (23,181,287)</u>	<u>\$ (23,481,237)</u>	<u>\$ (24,151,834)</u>	<u>\$ (25,797,980)</u>
General Revenues and Other Changes in Net Assets:						
Governmental Activities:						
Property Taxes Levied for General Purposes, Net	\$ 16,865,661	\$ 18,044,708	\$ 18,612,007	\$ 19,908,050	\$ 20,375,740	\$ 21,518,703
Taxes Levied for Debt Service	129,976	142,744	136,507	132,733	136,949	302,602
Federal and State Aid Not Restricted	3,221,279	3,287,960	3,280,142	3,431,775	3,714,593	3,482,076
Investment Earnings	38,592	101,182	128,616	83,222	20,980	14,717
Miscellaneous Income	17,682	39,748	31,013	29,076	46,134	44,308
Total Governmental Activities	<u>20,273,190</u>	<u>21,616,342</u>	<u>22,188,285</u>	<u>23,584,856</u>	<u>24,294,396</u>	<u>25,362,406</u>
Business-Type Activities:						
Investment Earnings	1,121	2,235	1,592	999	239	57
Total Business-Type Activities	<u>1,121</u>	<u>2,235</u>	<u>1,592</u>	<u>999</u>	<u>239</u>	<u>57</u>
Total District-Wide	<u>\$ 20,274,311</u>	<u>\$ 21,618,577</u>	<u>\$ 22,189,877</u>	<u>\$ 23,585,855</u>	<u>\$ 24,294,635</u>	<u>\$ 25,362,463</u>
Change in Net Assets:						
Governmental Activities	\$ 456,049	\$ (32,505)	\$ (1,048,569)	\$ 105,760	\$ 119,990	\$ (435,468)
Business-Type Activities	42,775	28,335	57,159	(1,142)	22,811	(49)
Total District	<u>\$ 498,824</u>	<u>\$ (4,170)</u>	<u>\$ (991,410)</u>	<u>\$ 104,618</u>	<u>\$ 142,801</u>	<u>\$ (435,517)</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

POMPTON LAKES 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	\$ 775,340	\$ 1,418,294	\$ 1,295,171	\$ 1,096,102	\$ 1,304,125	\$ 1,417,752
Unreserved	674,014	548,623	469,820	648,450	427,790	521,450
Total General Fund	\$ 1,449,354	\$ 1,966,917	\$ 1,764,991	\$ 1,744,552	\$ 1,731,915	\$ 1,939,202
All Other Governmental Funds:						
Reserved					\$ 328,045	\$ 124,831
Unreserved, Reported In:						
Capital Projects Fund					3,790,328	574,224
Debt Service Fund	\$ 1		\$ 1	\$ 2	101	46,629
Total all other governmental funds	\$ 1	\$ -0-	\$ 1	\$ 2	\$ 4,118,474	\$ 745,684

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

POMPTON LAKES 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	\$ 16,995,637	\$ 18,187,452	\$ 18,748,514	\$ 20,040,783	\$ 20,512,689	\$ 21,821,305
Tuition Charges	1,414,594	1,526,671	1,716,210	1,691,670	1,746,583	1,760,349
Interest Earnings	38,592	101,182	128,616	83,222	20,980	14,717
Miscellaneous	17,682	39,748	34,013	36,699	60,751	64,426
State Sources	6,053,712	6,318,116	7,158,029	7,376,816	6,540,190	5,840,665
Federal Sources	524,210	523,890	527,668	549,625	573,371	1,280,066
Total Revenue	25,044,427	26,697,059	28,313,050	29,778,815	29,454,564	30,781,528
Expenditures:						
Instruction:						
Regular Instruction	7,129,664	6,960,916	7,379,302	7,911,923	7,889,958	8,319,487
Special Education Instruction	2,320,828	2,630,453	2,946,138	3,005,141	3,180,234	3,419,130
Other Special Instruction	472,618	606,411	439,048	528,998	590,384	672,278
Other Instruction	523,547	518,763	583,209	557,497	564,801	580,262
Support Services:						
Tuition	1,028,285	1,363,681	1,450,532	1,604,429	1,528,153	1,563,883
Student & Instruction Related Services	2,590,263	2,816,615	2,917,942	3,155,154	3,173,906	3,301,107
General Administrative Services	498,499	475,090	470,357	430,056	491,188	508,664
School Administrative Services	1,128,286	1,112,138	1,187,183	1,205,056	1,228,351	1,329,247
Plant Operations and Maintenance	2,289,828	2,516,723	2,853,543	2,737,310	2,692,829	2,690,438
Pupil Transportation	592,042	688,963	847,480	803,942	808,315	694,479
Central Services	413,136	407,291	432,236	445,276	388,552	428,850
Food Service	23,265	3,000	8,855	6,811		
Unallocated Benefits	5,203,626	5,709,357	6,823,198	7,209,097	6,475,556	6,616,995
Charter Schools					15,135	16,506
Capital Outlay		199,971	10,395	37,584	411,272	3,521,411
Debt Service:						
Principal	104,392	105,078	105,830	106,612	117,441	118,282
Interest and Other Charges	56,243	65,047	59,727	54,367	48,654	166,012
Total Expenditures	24,374,522	26,179,497	28,514,975	29,799,253	29,604,729	33,947,031
Net Change in Fund Balances	\$ 669,905	\$ 517,562	\$ (201,925)	\$ (20,438)	\$ (150,165)	\$ (3,165,503)
Debt Service as a Percentage of Noncapital Expenditures	0.66%	0.65%	0.58%	0.54%	0.57%	0.93%

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

Exhibit J-5

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

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Other	Total
2001	\$ 55,672	\$ 680,490	\$ 25,547	\$ 761,709
2002	31,716	863,051	32,101	926,868
2003	11,608	1,271,816	63,380	1,346,804
2004	11,214	1,298,297	18,264	1,327,775
2005	38,592	1,414,594	17,682	1,470,868
2006	101,182	1,526,671	39,748	1,667,601
2007	128,616	1,716,210	34,013	1,878,839
2008	83,222	1,691,670	29,076	1,803,968
2009	15,660	1,746,583	46,034	1,808,277
2010	8,695	1,760,349	44,308	1,813,352

Source: Pompton Lakes School District records

POMPTON LAKES SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST SIX YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2004	\$ 4,357,400	\$ 536,435,300	\$ 59,424,700	\$ 17,498,600	\$ 12,545,200	\$ 630,261,200	\$ 60,269,000	\$ 830,053	\$ 631,091,253	\$ 2.603	\$ 1,002,178,292
2005	3,442,400	545,289,300	59,424,700	17,498,600	12,445,200	638,100,200	60,667,900	586,130	638,686,330	2.755	1,141,487,468
2006	3,971,600	545,766,200	58,568,900	17,498,600	14,938,200	640,743,500	53,923,300	481,914	641,225,414	2.881	1,305,932,463
2007	3,264,900	548,511,400	57,858,000	17,498,600	14,538,200	641,671,100	54,671,700	443,036	642,114,136	3.020	1,450,558,567
2008	3,080,300	550,794,900	56,518,100	18,436,500	11,893,400	640,723,200	57,527,500	430,034	641,153,234	3.163	1,530,770,516
2009	3,137,600	552,469,700	55,798,600	17,976,500	11,893,400	641,275,800	57,881,000	437,101	641,712,901	3.299	1,574,701,361

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

Exhibit J-7

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

Year Ended December 31,	Pompton Lakes School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Pompton Lakes	Passaic County	
2000	\$ 2.157	\$ 0.024	\$ 2.181	\$ 0.868	\$ 0.642	\$ 3.691
2001	2.286	0.027	2.313	0.870	0.687	3.870
2002	2.375	0.026	2.401	0.884	0.775	4.060
2003	2.469	0.026	2.495	0.881	0.804	4.180
2004	2.579	0.024	2.603	0.869	0.878	4.350
2005	2.734	0.021	2.755	0.950	0.945	4.650
2006	2.858	0.023	2.881	1.102	1.067	5.050
2007	3.207	0.021	3.020	1.178	1.118	5.316
2008	3.142	0.021	3.163	1.254	1.205	5.622
2009	3.253	0.046	3.299	1.303	1.234	5.836

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 added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation 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.

POMPTON LAKES SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
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
E.I. Dupont, Denemours & Co.	\$ 15,063,900	2.35%	E.I. Dupont, Denemours & Co.	\$ 15,063,900	2.62%
Pompton Center Associates	9,371,000	1.46%	Park 36 & Aldrich Nine Associates	4,300,000	0.75%
Larson Financial Resources	4,300,000	0.67%	F & B Construction Company	3,021,900	0.52%
F & B Construction Company	2,950,000	0.46%	Higgins & Peragallo	2,876,600	0.50%
Higgins & Peragallo	2,871,600	0.45%	Pompton Five Associates	2,728,400	0.47%
Alrose Pompton LLC	2,703,200	0.42%	Grecco & Scardilli	2,629,100	0.46%
Landolina Investment Co, LP	1,525,700	0.24%	Lockwood Brothers	2,405,400	0.42%
Tresenfeld & Singer	1,414,600	0.22%	John Royle & Sons	2,275,000	0.40%
Valbruna Stainless, Inc.	1,400,000	0.22%	Cape Realty	2,000,000	0.35%
Imaging Realty LLC	1,352,900	0.21%	Tresenfeld & Singer	2,000,000	0.35%
Total	\$ 42,952,900	6.70%		\$ 39,300,300	6.84%

Source: Municipal Tax Assessor

POMPTON LAKES SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year Ended</u> <u>June 30,</u>	<u>Taxes Levied for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the</u> <u>Levy^a</u>		<u>Collections in</u> <u>Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of</u> <u>Levy</u>	
2001	\$ 12,987,643	\$ 12,987,643	100.00%	-0-
2002	13,735,736	13,735,736	100.00%	-0-
2003	14,687,622	14,687,622	100.00%	-0-
2004	15,849,853	15,849,853	100.00%	-0-
2005	16,995,637	16,995,637	100.00%	-0-
2006	18,187,452	18,187,452	100.00%	-0-
2007	18,748,514	18,748,514	100.00%	-0-
2008	20,040,783	20,040,783	100.00%	-0-
2009	20,512,689	20,512,689	100.00%	-0-
2010	21,821,305	21,821,305	100.00%	-0-

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

^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.

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Governmental Activities</u>		<u>Total District</u>	<u>Percentage of</u> <u>Personal Income</u> <u>^a</u>	<u>Per Capita ^a</u>
	<u>General</u> <u>Obligation Bonds</u>	<u>Economic</u> <u>Development</u> <u>Authority Loans</u>			
2005	\$ 1,017,000	\$ 255,982	\$ 1,272,982	0.32%	\$ 114.90
2006	937,000	230,904	1,167,904	0.28%	106.02
2007	857,000	205,074	1,062,074	0.24%	96.79
2008	777,000	178,462	955,462	0.21%	87.13
2009	4,943,000	151,021	5,094,021	1.09%	461.41
2010	4,853,000	122,739	4,975,739	1.06%	450.70

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.

POMPTON LAKES 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			Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds and EDA Loans	Deductions				
	2005	\$ 1,272,982	\$ -0-			
2006	1,167,904	-0-	1,167,904	0.183%	106.02	
2007	1,062,074	-0-	1,062,074	0.166%	96.79	
2008	955,462	-0-	955,462	0.149%	87.13	
2009	5,094,021	-0-	5,094,021	0.795%	461.41	
2010	4,975,739	-0-	4,975,739	0.775%	450.70	

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.

POMPTON LAKES 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			
Borough of Pompton Lakes	\$ 7,590,840	100.00%	\$ 7,590,840
Passaic County General Obligation Debt	355,741,071	2.72%	<u>9,678,040</u>
Subtotal, overlapping debt			17,268,880
Pompton Lakes School District Direct Debt			<u>4,975,739</u>
Total direct and overlapping debt			<u>\$ 22,244,619</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Passaic 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 is borne by the residents and businesses of Pompton Lakes. 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 another governmental unit's equalized property value that is within the district's boundaries and dividing it by each unit's total equalized property value.

POMPTON LAKES SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION,
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS)
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2010

Equalized Valuation Basis	
2009	\$ 1,469,804,722
2008	1,561,596,880
2007	<u>1,521,268,611</u>
	<u>\$ 4,552,670,213</u>
Average equalized valuation of taxable property	\$ 1,517,556,738
Debt Limit (4% of average equalization value ^a)	\$ 60,702,270
Net bonded school debt as of June 30, 2010	<u>4,975,739</u>
Legal debt margin	<u>\$ 55,726,531</u>

	Fiscal Year				
	2006	2007	2008	2009	2010
Debt limit	\$ 44,938,668	\$ 51,260,633	\$ 56,645,744	\$ 60,268,728	\$ 60,702,270
Total net debt applicable to limit	<u>1,167,904</u>	<u>1,062,074</u>	<u>955,462</u>	<u>5,094,021</u>	<u>4,975,739</u>
Legal debt margin	<u>\$ 43,770,764</u>	<u>\$ 50,198,559</u>	<u>\$ 55,690,282</u>	<u>\$ 55,174,707</u>	<u>\$ 55,726,531</u>
Total net debt applicable to the limit as a percentage of debt limit	2.60%	2.07%	1.69%	8.45%	8.20%

	Fiscal Year				
	2001	2002	2003	2004	2005
Debt limit	\$ 25,605,724	\$ 26,944,549	\$ 29,267,837	\$ 33,363,748	\$ 38,551,609
Total net debt applicable to limit	<u>1,676,708</u>	<u>1,584,193</u>	<u>1,481,105</u>	<u>1,377,374</u>	<u>1,272,982</u>
Legal debt margin	<u>\$ 23,929,016</u>	<u>\$ 25,360,356</u>	<u>\$ 27,786,732</u>	<u>\$ 31,986,374</u>	<u>\$ 37,278,627</u>
Total net debt applicable to the limit as a percentage of debt limit	6.55%	5.88%	5.06%	4.13%	3.30%

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

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

POMPTON LAKES SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population ^a	Passaic County Per Capita Personal Income ^b	Personal Income (thousands of dollars) ^c	Unemployment Rate ^d
2001	10,656	\$ 31,746	\$ 338,285,376	2.80%
2002	10,809	32,313	349,271,217	3.80%
2003	10,936	32,807	358,777,352	3.90%
2004	11,155	33,721	376,157,755	3.00%
2005	11,079	35,699	395,509,221	3.80%
2006	11,016	38,392	422,926,272	3.90%
2007	10,973	40,845	448,192,185	3.60%
2008	10,966	42,354 *	464,453,964	4.70%
2009	11,040 **	42,354 *	467,588,160	9.20%
2010	11,040 **	42,354 *	467,588,160	N/A

* - Latest Passaic 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:

^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

POMPTON LAKES SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

2009			2000		
Employer	Employees	Percentage of Total Employment	Taxpayer	Employees	Percentage of Total Employment
St. Joseph's Cardiovascular Services	3,000	Not Available			
BAE Systems Communication	1,375	Not Available			
Toys R US Inc	1,300	Not Available			
St. Mary's Hospital	1,300	Not Available			
US Post Office	1,200	Not Available			
Kearfott Guidance & Navigation	1,200	Not Available			
William Paterson University	1,000	Not Available			
St. Joseph Wayne Hospital	1,000	Not Available			
Popular Club	1,000	Not Available			
St. Mary's Mental Health Services	900	Not Available			
	<u>13,275</u>	Not Available			

INFORMATION NOT AVAILABLE

Note: Employers listed are for Passaic County

Source: Passaic County Planning Board

POMPTON LAKES 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	108	107	107	110	115	121
Special education	22	21	22	24	30	27
Support Services:						
Student & instruction related services	24	24	24	26	28	27
School administrative services	21	21	21	22	24	24
General and business administrative services	8	8	8	8	8	8
Plant operations and maintenance	21	21	21	21	25	24
Total	<u>204</u>	<u>202</u>	<u>203</u>	<u>211</u>	<u>230</u>	<u>230</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

POMPTON LAKES SCHOOL DISTRICT
OPERATING STATISTICS
LAST SIX FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	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 School	Senior High School				
2005	1,840	\$ 24,213,887	\$ 13,160	7.57%	139.3	1:17	1:12	1:13	1,840	1,749	-2.49%	95.05%
2006	1,805	25,809,401	14,299	8.66%	128.6	1:18	1:27	1:21	1,805	1,724	-1.90%	95.48%
2007	1,800	28,339,023	15,744	10.11%	130.0	1:17	1:27	1:22	1,800	1,722	-0.28%	95.67%
2008	1,817	29,600,690	16,291	3.47%	160.0	1:11	1:11	1:12	1,817	1,738	0.94%	95.65%
2009	1,799	29,027,362	16,135	-0.96%	156.0	1:11	1:11	1:12	1,756	1,680	-3.36%	95.67%
2010	1,781	30,141,326	16,924	4.89%	148.0	1:11	1:12	1:12	1,742	1,668	-0.80%	95.75%

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

Sources: Borough of Pompton Lakes 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 the operating expenditures divided by enrollment. This Cost Per Pupil may be different from other Cost Per Pupil calculations.

POMPTON LAKES SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST SIX FISCAL YEARS
UNAUDITED

<u>District Building</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Lincoln Elementary School (1956)						
Square Feet	38,195	38,195	38,195	38,195	38,195	38,195
Capacity (students)	360	360	360	360	360	360
Enrollment	369	372	360	362	361	376
Lenox Elementary School (1916, 1923, 1974)						
Square Feet	46,681	46,681	46,681	46,681	46,681	46,681
Capacity (students)	419	419	419	419	419	419
Enrollment	396	382	372	366	355	350
Lakeside Middle School (1968)						
Square Feet	70,550	70,550	70,550	70,550	70,550	70,550
Capacity (students)	366	366	366	366	366	366
Enrollment	427	418	396	379	380	360
Pompton Lakes High School (1931, 1960, 1967)						
Square Feet	98,685	98,685	98,685	98,685	98,685	98,685
Capacity (students)	886	886	886	886	886	886
Enrollment	651	637	665	706	663	656
Administration Offices Building (1968)						
Square Feet	3,072	3,072	3,072	3,072	3,072	3,072
District Administration Storage (1900)						
Square Feet	2,400	2,400	2,400	2,400	2,400	2,400
High School Storage Building (1970)						
Square Feet	1,500	1,500	1,500	1,500	1,500	1,500
High School Storage Garage (1975)						
Square Feet	950	950	950	950	950	950
Number of Schools at June 30, 2010						
Elementary = 2						
Middle School = 1						
High School = 1						
Other = 4						

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

Source: Borough of Pompton Lakes School District Facilities Office

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

POMPTON LAKES SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
UNAUDITED

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

Fiscal Year Ended June 30,	Total	Pompton Lakes High School	Lakeside Middle School	Lenox Elem. School	Lincoln Elem. School	Administration Offices	District Admin- stration Storage	High School Storage Building	High School Storage Garage
2001	\$ 745,956	\$ 280,937	\$ 200,842	\$ 132,892	\$ 108,734	\$ 8,745	\$ 6,832	\$ 4,270	\$ 2,704
2002	716,085	269,687	192,799	127,570	104,380	8,395	6,559	4,099	2,596
2003	686,921	261,067	185,452	123,635	103,029	6,868	2,402	2,600	1,868
2004	738,450	273,086	191,800	132,960	110,858	7,349	7,402	7,475	7,520
2005	782,647	294,755	210,721	139,428	114,082	9,176	7,168	4,480	2,837
2006	941,873	354,721	253,591	167,794	137,291	11,042	8,627	5,392	3,415
2007	1,334,107	728,920	232,785	170,290	168,196	8,479	8,479	8,479	8,479
2008	1,068,658	534,015	175,783	187,052	152,460	4,837	4,837	4,837	4,837
2009	996,886	375,440	268,402	177,595	145,310	11,687	9,131	5,707	3,614
2010	1,042,438	392,596	280,667	185,710	151,950	12,221	9,548	5,967	3,779

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

POMPTON LAKES BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2010
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Comprehensive Package Policy - Insurance Corp. of Hanover:		
Property - Blanket Building and Contents	\$ 40,000,000	\$ 5,000
Comprehensive General Liability	1,000,000	
Comprehensive Automobile Liability	1,000,000	
Blanket Employee Dishonesty	500,000	5,000
Boiler and Machinery	100,000,000	1,000
Excess Liability - Fireman's Fund Ins. Co.:		
Per Occurrence	50,000,000	
Aggregate	50,000,000	
Umbrella Policy - American Alternative:		
Per Occurrence	9,000,000	
Aggregate	9,000,000	
American Safety Casualty Insurance Company: Environmental Impairment Liability:		
Per Occurrence	1,000,000	15,000
Aggregate	3,000,000	
School Board Legal Liability - Darwin National Assurance Co.:		
Wrongful Act	1,000,000	
Gerber Life Insurance Co. - Accident Insurance: Aggregate Limit	500,000	
Surety Bond:		
Treasurer of School Monies - Western Surety	226,000	
Board Secretary - Western Surety	28,500	

Source: District records.

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
 Pompton Lakes Borough School District
 County of Passaic, New Jersey

We have audited the financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Pompton Lakes Borough School District, in the County of Passaic (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 October 7, 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 providing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

A 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 was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

The Honorable President and Members
of the Board of Education
Pompton Lakes Borough School District
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. However, we 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 October 7, 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.

October 7, 2010
Mount Arlington, New Jersey

NISIVOCCIA & 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
 Pompton Lakes Borough School District
 County of Passaic, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Pompton Lakes Borough School District in the County of Passaic (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 the Board's 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; New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*; and Federal Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards, Federal OMB Circular A-133, and New Jersey's OMB Circular NJOMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major 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.

The Honorable President and Members
of the Board of Education
Pompton Lakes Borough School District
Page 2

Internal Control Over Compliance

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major 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.

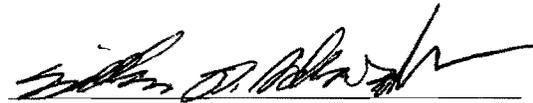
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

This report is intended solely for the information and use of management, the 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.

October 7, 2010
Mount Arlington New Jersey

NISIVOCCIA & COMPANY LLP



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

POMPTON LAKES BOROUGH SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance	Carryover Amount	Cash Received	Budgetary Expendi- tures	Repayment of Prior Years' Balances	Cancellation of Prior Years' Encumbrances	Budgetary Basis		
					Deferred Revenue/ (Accounts Receivable) June 30, 2009						Deferred Revenue June 30, 2010	(Accounts Receivable) June 30, 2010	Due to Grantor June 30, 2010
U.S. Department of Agriculture:													
Passed-through State Department of Education:													
Child Nutrition Cluster:													
U.S.D.A. Commodities Program	10.555	N/A	7/01/09-6/30/10	\$ 17,508		\$ 17,508	\$ (17,508)						
National School Lunch Program	10.555	N/A	7/01/08-6/30/09	71,161	\$ (5,779)	5,779							
National School Lunch Program	10.555	N/A	7/01/09-6/30/10	83,665		77,020	(83,665)				\$ (6,645)		
Total Child Nutrition Cluster					(5,779)	100,307	(101,173)				(6,645)		
Total U.S. Department of Agriculture					(5,779)	100,307	(101,173)				(6,645)		
U.S. Department of Education:													
Passed-through State Department of Education:													
General Fund:													
ARRA - SFSF- ESF (Educ. State Grants)	84.394	N/A	7/01/09-6/30/10	551,919		551,919	(551,919)						
ARRA - SFSF- GSF (Government Services)	84.397	N/A	7/01/09-6/30/10	21,366		21,366	(21,366)						
Early Childhood Special Education Outcome Study	N/A	N/A	7/01/09-6/30/10	1,971			(1,971)				(1,971)		
Total General Fund						573,285	(575,256)				(1,971)		
Special Revenue Fund:													
Passed-through State Department of Education:													
No Child Left Behind:													
Title I	84.010	NCLB-4230-10	9/01/09-8/31/10	99,494		82,573	(99,494)				(16,921)		
Title I	84.010	NCLB-4230-09	9/01/08-8/31/09	94,416	(16,149)	18,971	(2,822)						
ARRA - Title I	84.389	ARRA-4230-10	7/01/09-8/31/11	31,893		26,800	(30,293)				(3,493)		
Title IIA	84.168	NCLB-4230-10	9/01/09-8/31/10	36,849		28,000	(36,849)				(8,849)		
Title IIA	84.168	NCLB-4230-09	9/01/08-8/31/09	34,778	(4,653)	4,653							
Title IID	84.168	NCLB-4230-10	9/01/09-8/31/10	991		335	(991)				(656)		
Title IID	84.318	NCLB-4230-09	9/01/08-8/31/09	789	(95)	95							
Title III	84.365	NCLB-4230-10	9/01/09-8/31/10	13,192		4,093	(11,192)				(7,099)		
Title III	84.365	NCLB-4230-09	9/01/08-8/31/09	12,209	(378)	6,278	(5,900)						
Title III - Immigrant	84.186A	NCLB-4230-10	9/01/09-8/31/10	7,460		3,600	(3,960)				(360)		
Title III - Immigrant	84.186A	NCLB-4230-09	9/01/08-8/31/09	5,553	(75)	75							
Title IV	84.186	NCLB-4230-10	9/01/09-8/31/10	3,956		822	(3,956)				(3,134)		
Title IV	84.281	NCLB-4230-09	9/01/08-8/31/09	4,192	(2,290)	2,290							
Total NCLB					(23,640)	178,585	(195,457)				(40,512)		
Special Education Cluster:													
I.D.E.A. Part B, Preschool	84.173	PS-4230-10	9/01/09-8/31/10	12,325		730	(11,676)				(10,946)		
I.D.E.A. Part B, Preschool	84.173	PS-4230-09	9/01/08-8/31/09	12,405	(8,797)	9,256				\$ 459			
I.D.E.A. Part B, Preschool	84.173	PS-4230-08	9/01/07-8/31/09	13,142	626			\$ (626)					
ARRA - I.D.E.A. Part B, Preschool	84.392	ARRA-4230-10	7/01/09-8/31/11	14,670			(1,343)				(1,343)		
I.D.E.A. Part B, Basic	84.027	FT-4230-10	9/01/09-8/31/10	399,146		324,901	(399,146)				(74,245)		
I.D.E.A. Part B, Basic	84.027	FT-4230-09	9/01/08-8/31/09	405,929	(118,781)	127,831				9,050			
I.D.E.A. Part B, Basic - ARRA	84.391	ARRA-4230-10	7/01/09-8/31/11	405,829		63,887	(90,709)				(26,822)		
Total Special Education Cluster					(126,952)	526,605	(502,874)	(626)		9,509	(113,356)		
Total Special Revenue Fund					(150,592)	705,190	(698,331)	(626)		9,509	(153,868)		
Total Federal Awards					\$ (156,371)	\$ -0-	\$ 1,378,782	\$ (1,374,760)	\$ (626)	\$ -0-	\$ 9,509	\$ (162,484)	\$ -0-

N/A - Not Applicable/Available

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

POMPTON LAKES BOROUGH 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	Award Amount	Balance		Budgetary Expenditures	Cancelled	Repayment of Prior Years' Balances	Balance at June 30, 2010			MEMO	
				Deferred Revenue/ Due to Grantor/ (Accounts Receivable) June 30, 2009	Cash Received				G/AAP (Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable June 30, 2010	Cumulative Total Expenditures
State Department of Education:													
General Fund:													
Transportation Aid	10-495-034-5120-014	7/01/09-6/30/10	\$ 109,191		\$ 95,332	\$ (109,191)						\$ (13,859)	\$ 109,191
Transportation Aid	09-495-034-5120-014	7/01/08-6/30/09	159,621	\$ (15,042)	15,042								159,621
Special Education Categorical Aid	10-495-034-5120-089	7/01/09-6/30/10	892,291		779,038	(892,291)						(113,253)	892,291
Special Education Categorical Aid	09-495-034-5120-089	7/01/08-6/30/09	883,869	(83,292)	83,292								883,869
Equalization Aid	10-495-034-5120-078	7/01/09-6/30/10	2,149,563		1,876,732	(2,149,563)						(272,831)	2,149,563
Equalization Aid	09-495-034-5120-078	7/01/08-6/30/09	3,092,391	(299,535)	299,535								3,092,391
Security Aid	10-495-034-5120-084	7/01/09-6/30/10	88,592		77,347	(88,592)						(11,245)	88,592
Security Aid	09-495-034-5120-084	7/01/08-6/30/09	134,026	(12,630)	12,630								134,026
Extraordinary Aid	10-495-034-5120-044	7/01/09-6/30/10	614,327			(614,327)			\$ (614,327)			(614,327)	614,327
Extraordinary Aid	09-495-034-5120-044	7/01/08-6/30/09	622,924	(622,924)	622,924								622,924
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	7/01/09-6/30/10	1,007,594		1,007,594	(1,007,594)							1,007,594
Subtotal - General Fund				(1,033,423)	4,869,466	(4,861,558)			(614,327)			(1,025,515)	9,754,389
Special Revenue Fund:													
N.J. Nonpublic Aid:													
Textbook Aid	10-100-034-5120-064	7/01/09-6/30/10	14,973		14,973	(14,973)							14,973
Nursing Services	10-100-034-5120-070	7/01/09-6/30/10	17,756		17,756	(17,756)							17,756
Auxiliary Services:													
Compensatory Education	10-100-034-5120-067	7/01/09-6/30/10	21,113		21,113	(11,804)				\$ 9,309			11,804
Compensatory Education	09-100-034-5120-067	7/01/08-6/30/09	18,911	8,460				\$ (8,460)					10,451
Home Instruction	10-100-034-5120-067	7/01/09-6/30/10	1,402			(1,402)			(1,402)			(1,402)	1,402
Home Instruction	09-100-034-5120-067	7/01/08-6/30/09	1,972	(1,972)	1,964		\$ 8						1,972
Handicapped Services:													
Examination and Classification	10-100-034-5120-066	7/01/09-6/30/10	22,657		22,657	(16,084)					6,573		16,084
Examination and Classification	09-100-034-5120-066	7/01/08-6/30/09	16,302	6,065				(6,065)					10,237
Corrective Speech	10-100-034-5120-066	7/01/09-6/30/10	17,486		17,486	(16,141)					1,345		16,141
Corrective Speech	09-100-034-5120-066	7/01/08-6/30/09	14,880	3,069				(3,069)					11,811
Supplemental Instruction	10-100-034-5120-066	7/01/09-6/30/10	19,114		19,114	(10,194)					8,920		10,194
Supplemental Instruction	09-100-034-5120-066	7/01/08-6/30/09	10,738	4,460				(4,460)					6,278
Subtotal Special Revenue Fund				20,082	115,063	(88,354)	8	(22,054)	(1,402)		26,147	(1,402)	129,103
Enterprise Fund:													
State School Lunch Program	10-100-010-3350-023	7/01/09-6/30/10	5,019		4,617	(5,019)			(402)			(402)	5,019
State School Lunch Program	09-100-010-3350-023	7/01/08-6/30/09	4,582	(369)	369								4,245
Subtotal - Enterprise Fund				(369)	4,986	(5,019)			(402)			(402)	9,264
Debt Service Fund:													
Debt Service Aid Type II	10-100-034-5120-124	7/01/09-6/30/10	28,220		28,220	(28,220)							28,220
Total State Awards				\$ (1,013,710)	\$ 5,017,735	\$ (4,983,151)	\$ 8	\$ (22,054)	\$ (616,131)	\$ -0-	\$ 26,147	\$ (1,027,319)	\$ 9,920,976

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

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO 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 financial awards activity of the Board of Education, Pompton Lakes Borough 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 schedule 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 are presented in accordance with the requirements of 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 and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the June state aid payments in the current budget year, which is mandated pursuant to P.L.2003, C.97.(A3521). For GAAP purposes, these payments are not recognized until the subsequent budget year due to the state deferral and recording of the June 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 net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$689) for the general fund and (\$4,248) 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 Non-Contributory Insurance and Post Retirement Contributions revenue of \$43,638 and \$819,584 respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 575,256	\$ 5,724,091	\$ 6,299,347
Special Revenue Fund	704,810	88,354	793,164
Debt Service Fund		28,220	28,220
Food Service Fund	101,173	5,019	106,192
Total Awards	<u>\$ 1,381,239</u>	<u>\$ 5,845,684</u>	<u>\$ 7,226,923</u>

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

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2010. Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

POMPTON LAKES BOROUGH 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 significant deficiencies or material weaknesses 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 significant deficiencies or material weaknesses 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 OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* and Federal OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*.
- The District's major programs for the current fiscal year consisted of the following awards:

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>State:</u>				
Special Education				
Categorical Aid	10-495-034-5120-089	7/1/09-6/30/10	\$ 892,291	\$ 892,291
Equalization Aid	10-495-034-5120-078	7/1/09-6/30/10	2,149,563	2,149,563
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	88,592	88,592
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	7/1/09-6/30/10	1,007,594	1,007,594
<u>Federal:</u>				
ARRA - SFSF:				
ESF (Educ. State Grants)	84.394	7/1/09-6/30/10	551,919	551,919
GSF (Government Services)	84.397	7/1/09-6/30/10	21,366	21,366
Title I	84.010	9/1/09-8/31/10	99,494	99,494
Title I	84.010	9/1/08-8/31/10	94,416	2,822
ARRA - Title I	84.389	9/1/09-8/31/11	31,893	30,293
IDEA Basic	84.027	9/1/09-8/31/10	399,146	399,146
ARRA - IDEA Basic	84.391	9/1/09-8/31/11	405,829	90,709
IDEA Preschool	84.173	9/1/09-8/31/10	12,325	11,676
ARRA - IDEA Preschool	84.392	9/1/09-8/31/11	14,670	1,343

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

POMPTON LAKES BOROUGH 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 as defined in section 510(a) of the 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.

POMPTON LAKES BOROUGH 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.