

**WHARTON BOARD OF EDUCATION**

**Wharton Borough Board of Education  
Wharton, New Jersey**

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

**Comprehensive Annual  
Financial Report**

**of the**

**WHARTON BOARD OF EDUCATION**

**Wharton, New Jersey**

**For the Fiscal Year Ended June 30, 2010**

**Prepared by**

**Wharton Borough Board of Education  
Business Office**

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INTRODUCTORY SECTION

# WHARTON BOROUGH PUBLIC SCHOOLS

[www.wbps.org](http://www.wbps.org)

*"In partnership with the community, the Wharton School district is committed to educational excellence and guarantees challenging learning opportunities for all students to become life-long learners and productive and responsible members of society. It is the expectation of this school district that all pupils achieve the New Jersey core curriculum content standards at all grade levels."*

## **Marie V. Duffy Elementary School**

"Governor's School of Excellence"  
Pamela S. Blalock, Principal

## **Alfred C. MacKinnon Middle School**

Christopher J. Herdman, Principal

Dr. Ernest Palestis  
Interim Superintendent

Pamela Hinman  
Business Administrator

Alan Bocchino  
Supervisor  
Curriculum/Instruction

Board of Education  
Marc Towne  
President

William Rogers  
Vice President

Anthony Astrologo  
James Gottshall  
Stuart Goulden  
Socorro Sampson  
Theresa Yeager

Superintendent's Office  
973.361.2592  
Fax 973.895.2187

Business Office  
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Fax 973.895.2187

Marie V. Duffy School  
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Fax 973.361.4917

Alfred C. MacKinnon School  
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Fax 973.361.4805

Child Study Team  
973.361.3010  
Fax 973.361.4897

Guidance  
973.361.2541  
Fax 973.361.4917

October 30, 2010

The Honorable President and Members  
of the Board of Education  
Wharton Board of Education  
County of Morris, New Jersey

Dear Honorable President and Board Members:

The comprehensive annual financial report of the Wharton Board of Education (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 statement 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, a roster of officials and a list of consultants and advisors. The financial section includes The Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the 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 State OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

### 1) REPORTING ENTITY AND ITS SERVICES:

The Wharton Board of Education 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 Wharton Board of Education and its school constitute the District's reporting entity.

The Honorable President and Members  
of the Board of Education  
Wharton Board of Education  
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October 30, 2010

### 1) REPORTING ENTITY AND ITS SERVICES: (Cont'd)

The District provides a full range of educational services appropriate to grade levels K through 8 as well as special education for handicapped students. The District completed the 2009-2010 fiscal year with an average daily enrollment of 804 students, which is an increase of 15 students from the previous year's enrollment.

Fiscal Year	Average Daily Enrollment	
	Student Enrollment	Percent Change
2009-10	804	2.42%
2008-09	785	(0.38%)
2007-08	788	0.53%
2006-07	751	(2.85%)
2005-06	773	(2.76%)

### 2) ECONOMIC CONDITION AND OUTLOOK:

The Borough continues to seek businesses to relocate to the area. The ongoing economic downturn is causing a rise in the unemployment level, which caused a decline in the tax base, both residential and industrial.

### 3) MAJOR INITIATIVES:

- Strategic Planning
- Continued Stability and Growth of Early Childhood Program
- Continued Infusion of Technology
- Enhanced Performance Assessment Tools
- Problem Based Learning/Learner Active Classrooms
- Performance Assessment
- Improved Professional Development
- Continued Infusion of Additional Resources through State and Federal Grants
- Current Interlocal Services Agreements with Mine Hill School District for Services of Superintendent, Special Education and Child Study Team Services

### 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.

The Honorable President and Members  
of the Board of Education  
Wharton Board of Education  
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October 30, 2010

#### 4) INTERNAL ACCOUNTING CONTROLS: (Cont'd)

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 award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and agreements.

#### 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 and 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2010.

#### 6) ACCOUNTING SYSTEM AND REPORTS:

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

#### 7) CASH MANAGEMENT:

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

8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The New Jersey School Boards Association Insurance Group oversees risk management for the District. A Schedule of Insurance Coverage is found on Exhibit J-20.

The Honorable President and Members  
of the Board of Education  
Wharton Board of Education  
Page 4  
October 30, 2010

9) DEBT ADMINISTRATION: At June 30, 2010, the District had \$3,650,000 in outstanding general obligation bonds. The proceeds of the bond issues were used for the construction of additions and renovations to both the Duffy and MacKinnon Schools.

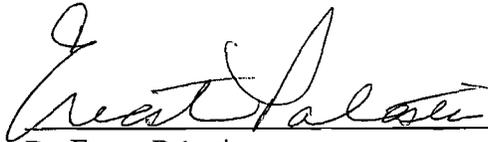
10) OTHER INFORMATION:

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 of Education at its last organization meeting. 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 State 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 Wharton Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

Respectfully submitted,



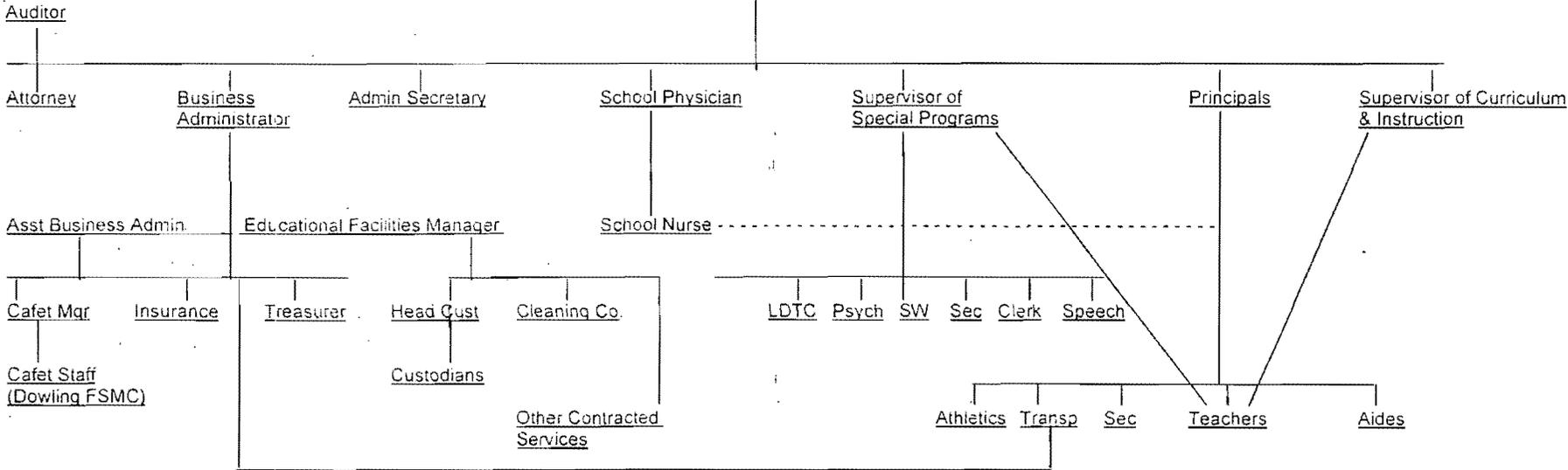
Dr. Ernest Palestis  
Interim Superintendent



Pamela L. Hinman  
Business Administrator/Board Secretary

WHARTON BOROUGH BOARD OF EDUCATION

SUPERINTENDENT



**WHARTON BOARD OF EDUCATION  
 ROSTER OF OFFICIALS  
 JUNE 30, 2010**

<u>Members of the Board of Education</u>	<u>Expiration of Term</u>
Marc Towne, President	2011
William Rogers, Vice President	2012
Anthony Astrologo	2011
Stuart Goulden	2013
Socorro Sampson	2013
Theresa Yeager	2013

<u>Other Officials</u>	<u>Title</u>
Dr. Ernest Palestis	Intermin Superintendent
Pamela Hinman	Business Administrator/Board Secretary
Susan Megletti	Treasurer of School Monies

**WHARTON BOARD OF EDUCATION  
Consultants and Advisors**

**Audit Firm**

Nisivoccia & Company LLP, CPAs  
Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mount Arlington, New Jersey, 07856  
and  
Lawrence Business Park  
11 Lawrence Road  
Newton, New Jersey 07860

**Attorney**

Philip Stern  
Adams, Stern, Gutierrez & Lattiboudere LLC  
The Legal Center  
1037 Raymond Boulevard, Suite 710  
Newark, NJ 07102

**Architect**

Marcus Rosenau  
SSP Architects  
148 West End Ave  
Somerville, NJ 08876

**Insurance Agent**

Morville Agency  
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Newton, NJ 07860

**Official Depositories**

Bank of America  
15 West Blackwell Street  
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FINANCIAL SECTION



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 Fax: 973-328-0507

Lawrence Business Park  
 11 Lawrence Road  
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 Phone: 973-383-6699  
 Fax: 973-383-6555

### Independent Auditors' Report

The Honorable President and Members  
 of the Board of Education  
 Wharton Board of Education  
 County of Morris, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Wharton Board of Education in the County of Morris as of June 30, 2010 which collectively comprise the School District's basic financial statements, as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit. The basic financial statements of the Board of Education as of June 30, 2009 were audited by another auditor whose report dated October 27, 2009 expressed an unqualified opinion on those statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2010 on our consideration of the Board of Education of the Wharton Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Honorable President and Members  
of the Board of Education  
Wharton Board of Education  
Page 2

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 Wharton Board of Education'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 OMB's 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 30, 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

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

This section of Wharton Board of Education'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**

- Overall revenue was \$13,478,444.
- Overall expenses were \$12,609,856.
- The District's financial condition increased \$868,588 over the course of the year.
- The District established a \$104,000 Maintenance Reserve Account as well as a \$250,000 Emergency Reserve Account.

**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.

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

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 Wharton Board of Education's Financial Report**

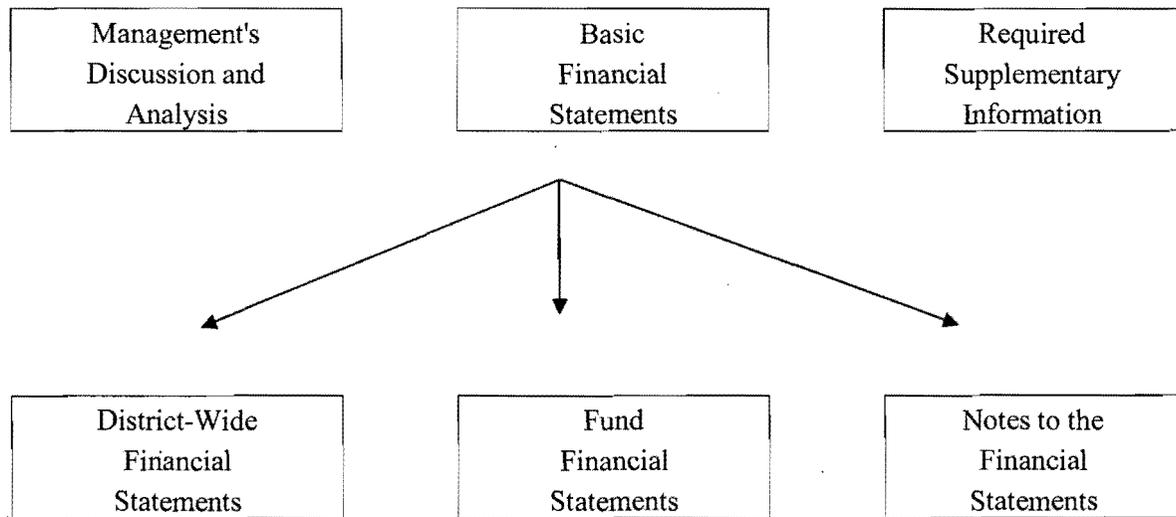


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

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

Figure A-2

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

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

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

***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 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.

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

- *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 *internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.
- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

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

**Financial Analysis of the District as a Whole**

*Net Assets.* The District's combined net assets increased \$868,588. Net assets from governmental activities increased \$838,883 and net assets from business-type activities increased \$29,705. Net assets invested in capital assets increased \$618,968, restricted net assets increased \$233,428, and unrestricted net assets increased \$16,192.

**Figure A-3  
Condensed Statement of Net Assets**

	Governmental Activities		Business-Type Activities		Total School District		Percent Change 2009-2010
	2010	2009	2010	2009	2010	2009	
Current/Other Assets	\$ 1,147,403	\$1,166,253	\$114,249	\$121,752	\$ 1,261,652	\$ 1,288,005	-2.05%
Capital Assets	5,938,866	5,709,224	1,581	6,939	5,940,447	5,716,163	3.92%
Total Assets	7,086,269	6,875,477	115,830	128,691	7,202,099	7,004,168	2.83%
Long-term Debt Outstanding	4,006,819	4,378,044			4,006,819	4,378,044	-8.48%
Other Liabilities	732,487	989,353	45,062	87,628	777,549	1,076,981	-27.80%
Total Liabilities	4,739,306	5,367,397	45,062	87,628	4,784,368	5,455,025	-12.29%
Net Assets:							
Invested in Capital Assets, Net of Related Debt	2,248,788	1,624,462	1,581	6,939	2,250,369	1,631,401	37.94%
Restricted	572,202	338,774			572,202	338,774	68.90%
Unrestricted/(Deficit)	(474,027)	(455,156)	69,187	34,124	(404,840)	(421,032)	3.85%
Total Net Assets	\$ 2,346,963	\$1,508,080	\$ 70,768	\$ 41,063	\$ 2,417,731	\$ 1,549,143	56.07%

*Changes in Net Assets.* The District's combined net assets were \$2,417,731 on June 30, 2010, \$868,588 or 56.07% greater than they were the year before. (See Figure A-3).

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

The increase in net assets from governmental activities is due to several factors. Net assets invested in capital assets increased \$624,326 due to a \$380,000 reduction in bonded debt, a \$14,684 reduction in capital leases combined with \$495,451 in equipment purchases offset by \$265,809 in current year depreciation. Restricted net assets increased \$233,428. Unrestricted net assets decreased \$18,871 primarily as a result of the reductions in current year State Aid. The increase in net assets from business-type activities is primarily attributable to depreciation of capital assets and a decrease in liabilities.

**Figure A-4  
Changes in Net Assets from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2009-2010
	2010	2009	2010	2009	2010	2009	
Revenue:							
Program Revenue:							
Fees for Services	322,105	20,646	\$107,340	\$ 117,807	\$ 429,445	\$ 138,453	210.17%
Operating Grants/ Contributions	\$ 2,361,617	\$ 1,622,005	197,413	162,093	2,559,030	1,784,098	43.44%
General Revenue:							
Property Taxes	7,422,862	7,453,850			7,422,862	7,453,850	-0.42%
Federal/State Aid	3,038,550	3,272,146			3,038,550	3,272,146	-7.14%
Tuition		213,981				213,981	-100.00%
Other	28,557	27,513		65	28,557	27,578	3.55%
Total Revenue	<u>13,173,691</u>	<u>12,610,141</u>	<u>304,753</u>	<u>279,965</u>	<u>13,478,444</u>	<u>12,890,106</u>	4.56%
Expenses:							
Instruction	8,016,341	6,495,117			8,016,341	6,495,117	23.42%
Pupil/Instruction Services	1,767,817	2,167,611			1,767,817	2,167,611	-18.44%
Administration/ Business	916,386	990,181			916,386	990,181	-7.45%
Maintenance and Operations	909,927	959,383			909,927	959,383	-5.15%
Transportation	216,742	222,810			216,742	222,810	-2.72%
Other	507,595	1,193,356	275,048	274,640	782,643	1,467,996	-46.69%
Total Expenses	<u>12,334,808</u>	<u>12,028,458</u>	<u>275,048</u>	<u>274,640</u>	<u>12,609,856</u>	<u>12,303,098</u>	2.49%
Increase/(Decrease) in Net Assets	<u>\$ 838,883</u>	<u>\$ 581,683</u>	<u>\$ 29,705</u>	<u>\$ 5,325</u>	<u>\$ 868,588</u>	<u>\$ 587,008</u>	47.97%

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

*Revenue Sources.* The District's total revenue for the 2009-2010 school year was \$13,478,444. (See Figure A-5). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$7,422,862 of the total, or 55.07 percent. (See Figure A-5). Another 41.53 percent came from state and federal aid for specific programs and general aid, and the remaining 3.4 percent from miscellaneous sources. The Wharton Board of Education basically conducts its operations from the revenues it receives from its local taxpayers and state funding.

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

Sources of Income	Amount	Percentage
State Formula Aid	\$ 2,559,030	18.99%
Property Taxes	7,422,862	55.07%
Federal and State Categorical Grants	3,038,550	22.54%
Charges for Services	429,445	3.19%
Other	28,557	0.21%
	<u>\$ 13,478,444</u>	<u>100.00%</u>

*Expenses.* The total cost of all programs and services was \$12,609,856. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (79.30 percent). (See Figure A-6). The District's administrative and business activities accounted for 7.27 percent of total costs. Other expenses represented 13.43% of total costs and includes \$271,167 of depreciation expense related to its capital assets.

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

Expense Category	Amount	Percentage
Instruction	\$ 8,016,341	63.56%
Pupil and Instruction Services	1,767,817	14.02%
Administration and Business	916,386	7.27%
Maintenance and Operations	909,927	7.22%
Transportation	216,742	1.72%
Other	782,643	6.21%
	<u>\$ 12,609,856</u>	<u>100.00%</u>

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

***Governmental Activities***

The financial position of the District has increased over the course of the year. Through careful budgeting the District has managed to maintain programs including extra-curricular activities, in spite of increased special education, salary and fringe benefit costs.

Careful management of expenses remains essential for the District to sustain its financial health. It is crucial that the District constantly monitors all expenditures throughout the fiscal year.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instruction 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	
	2010	2009	2010	2009
Instruction	\$ 8,016,341	\$ 6,495,117	\$ 5,771,023	\$ 6,052,368
Pupil and Instruction Services	1,767,817	2,167,611	1,420,981	1,762,056
Administration and Business	916,386	990,181	872,979	990,181
Maintenance and Operations	909,927	959,383	909,927	959,383
Transportation	216,742	222,810	168,581	202,164
Other	507,595	1,193,356	507,595	419,656
<b>Total</b>	<b>\$ 12,334,808</b>	<b>\$ 12,028,458</b>	<b>\$ 9,651,086</b>	<b>\$ 10,385,808</b>

- The cost of all governmental activities this year was nearly \$12,334,808.
- The federal and state governments subsidized certain programs with grants and contributions.
- Approximately 55% of the District's costs, however, were financed by District taxpayers.
- A portion of the governmental activities was financed with formula-based state aid.
- The remainder of the funding came from miscellaneous revenue and investment earnings.

***Business-Type Activities***

Net assets from the District's business-type activity increased \$29,705 is primarily attributable to Food Service revenues exceeding expenses.(Refer to Figure A-4).

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

**Financial Analysis of the District's Funds**

Significant changes in the student population and difficult economic times have added pressure to the District's budget. Special education costs continue to escalate with several pupils with disabilities placed in out-of-district programs. These pupils are profoundly disabled and require complex educational and related services our District does not have capacity or personnel to provide.

Construction of renovations to the elementary school was completed several years ago; however, the contractor's default has resulted in the District now being entangled in costly litigation. Estimated liabilities associated with the project have been accrued; however, should additional costs arise from litigation, the District will have to appeal to the State Department of Education for financial relief.

Faculty costs have increased slightly with the addition of new staff in the areas of health and physical education. Fringe benefit costs for all staff continue to increase dramatically.

Difficult economic times have had a direct impact upon the District's revenue sources placing a greater burden on our local taxpayers. The District has historically utilized funds from the unappropriated balance to reduce the tax levy.

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

**General Fund Budgetary Highlights**

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

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- Additional transfers were made for legal fees as a result of on going litigation.

**Capital Asset and Debt Administration**

*Capital Assets*

The District's capital assets increased \$224,284 – the result of \$495,451 in acquisitions offset by current year depreciation of \$265,809 and \$5,358 in its governmental and business-type activities, respectively.

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

**Capital Assets**

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

	Governmental Activities		Business-Type Activities		Total School District		Percent Change 2009-2010
	2010	2009	2010	2009	2010	2009	
Sites (Land)	\$ 164,279	\$ 164,279			\$ 164,279	\$ 164,279	
Construction in Progress	471,039	2,438			471,039	2,438	19,220.71%
Buildings/Bldg. Improvements	5,069,227	5,301,849			5,069,227	5,301,849	-4.39%
Machinery & Equipment	234,321	240,658	\$ 1,581	\$ 6,939	235,902	247,597	-4.72%
<b>Total</b>	<b>\$ 5,938,866</b>	<b>\$ 5,709,224</b>	<b>\$ 1,581</b>	<b>\$ 6,939</b>	<b>\$ 5,940,447</b>	<b>\$ 5,716,163</b>	<b>3.92%</b>

**Long-term Debt**

At year-end, the District had \$3,650,000 in general obligation bonds – a reduction of \$380,000 from last year – 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
	2010	2009	
General Obligation Bonds (Financed with Property Taxes)	\$ 3,650,000	\$ 4,030,000	-9.43%
Obligations Under Capital Leases	40,078	54,762	-26.81%
Compensated Absences Payable	316,741	293,282	8.00%
	<b>\$ 4,006,819</b>	<b>\$ 4,378,044</b>	<b>-8.48%</b>

- The District continued to pay down its debt, retiring \$380,000 of outstanding bonds and reducing its liability for capital leases by a net amount of \$14,684.
- No new debt was issued during the year.

**Factors Bearing on the District’s Future**

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

- The District’s enrollment continues to increase despite the reduction of state and federal aid.

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

**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, 137 East Central Avenue, Wharton, New Jersey 07885.

**BASIC FINANCIAL STATEMENTS**

DISTRICT-WIDE FINANCIAL STATEMENTS

WHARTON BOARD OF EDUCATION  
STATEMENT OF NET ASSETS  
JUNE 30, 2010

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 337,075	\$ 94,241	\$ 431,316
Interfund Receivable			
Receivable from State Government	46,875	801	47,676
Receivable from Federal Government	269,282	16,723	286,005
Other Accounts Receivable	58,051		58,051
Prepaid Expenses			
Inventories		2,484	2,484
Restricted Assets:			
Capital Reserve Account - Cash	77,592		77,592
Emergency Reserve Account - Cash	250,000		250,000
Maintenance Reserve Account - Cash	104,000		104,000
Capital Assets, Net:			
Sites (Land)	164,279		164,279
Depreciable Buildings, Building Improvements and Machinery and Equipment	5,774,587	1,581	5,776,168
Total Assets	7,081,741	115,830	7,197,571
<b>LIABILITIES</b>			
Accrued Interest Payable	71,290	43,677	114,967
Accounts Payable - Vendors	168,618		168,618
Interfund Payable	12		12
Payable to Federal Government	2,928		2,928
Payable to State Government	1,057		1,057
Deferred Revenue	484,054	1,385	485,439
Noncurrent Liabilities:			
Due Within One Year	395,261		395,261
Due Beyond One Year	3,611,558		3,611,558
Total Liabilities	4,734,778	45,062	4,779,840
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	2,248,788	1,581	2,250,369
Restricted for:			
Special Revenue/(Deficit)	(18,484)		(18,484)
Capital Projects	35,151		35,151
Debt Service	1		1
Other Purposes	555,534		555,534
Unrestricted/(Deficit)	(474,027)	69,187	(404,840)
Total Net Assets	\$ 2,346,963	\$ 70,768	\$ 2,417,731

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

WHARTON BOARD OF EDUCATION  
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	\$ 5,627,961		\$ 1,252,004		\$ (4,375,957)		\$ (4,375,957)
Special Education	1,993,869		949,597		(1,044,272)		(1,044,272)
Other Instruction	394,511		43,717		(350,794)		(350,794)
Support Services:							
Tuition	336,734	\$ 313,720			(23,014)		(23,014)
Student & Instruction Related Services	1,431,083		33,116		(1,397,967)		(1,397,967)
General Administration Services	337,303		43,407		(293,896)		(293,896)
School Administration Services	393,079				(393,079)		(393,079)
Central Services	186,004				(186,004)		(186,004)
Plant Operations and Maintenance	909,927				(909,927)		(909,927)
Pupil Transportation	216,742	8,385	39,776		(168,581)		(168,581)
Administrative Information Technology	131,950				(131,950)		(131,950)
Interest on Long-Term Debt	142,580				(142,580)		(142,580)
Unallocated Depreciation	233,065				(233,065)		(233,065)
Total Governmental Activities	12,334,808	322,105	2,361,617		(9,651,086)		(9,651,086)

WHARTON BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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
Business-Type Activities:							
Food Service	\$ 275,048	\$ 107,340	\$ 197,413			\$ 29,705	\$ 29,705
Total Business-Type Activities	275,048	107,340	197,413			29,705	29,705
Total Primary Government	<u>\$ 12,609,856</u>	<u>\$ 429,445</u>	<u>\$ 2,559,030</u>	<u>\$ -0-</u>	\$ (9,651,086)	29,705	(9,621,381)
General Revenue and Transfers:							
Taxes:							
					\$ 7,057,979		\$ 7,057,979
					364,883		364,883
					3,038,370		3,038,370
					43		43
					28,694		28,694
					<u>10,489,969</u>		<u>10,489,969</u>
					838,883	\$ 29,705	868,588
					<u>1,508,080</u>	<u>41,063</u>	<u>1,549,143</u>
					<u>\$ 2,346,963</u>	<u>\$ 70,768</u>	<u>\$ 2,417,731</u>

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

FUND FINANCIAL STATEMENTS

Exhibit B-1

WHARTON BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS:</b>					
Cash and Cash Equivalents	301,922		\$ 35,152	\$ 1	\$ 337,075
Interfund Receivables	\$ 231,690				231,690
Receivables from State	46,875				46,875
Other Accounts Receivable	58,051				58,051
Receivables from Federal Government	4,467	\$ 264,815			269,282
Restricted Cash and Cash Equivalents	431,592				431,592
<b>Total Assets</b>	<b>\$ 1,074,597</b>	<b>\$ 264,815</b>	<b>\$ 35,152</b>	<b>\$ 1</b>	<b>\$ 1,374,565</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts Payable - Vendors	\$ 121,567	\$ 47,050			\$ 168,617
Interfund Payable	12	231,690			231,702
Payable to State Government		1,057			1,057
Payable to Federal Government		2,928			2,928
Deferred Revenue	483,480	574			484,054
<b>Total Liabilities</b>	<b>605,059</b>	<b>283,299</b>			<b>888,358</b>
<b>Fund Balances:</b>					
<b>Reserved for:</b>					
Encumbrances	1,821				1,821
Capital Reserve Account	77,592				77,592
Maintenance Reserve Account	104,000				104,000
Emergency Reserve Account	250,000				250,000
Excess Surplus	39,953				39,953
Excess Surplus - Designated for Subsequent Year's Expenditures	72,248				72,248
<b>Unreserved/(Deficit), Reported in:</b>					
<b>General Fund:</b>					
Unreserved/Undesignated	(76,076)				(76,076)
Special Revenue Fund		(18,484)			(18,484)
Capital Projects Fund			35,152		35,152
Debt Service Fund				\$ 1	1
<b>Total Fund Balances</b>	<b>469,538</b>	<b>(18,484)</b>	<b>35,152</b>	<b>1</b>	<b>486,207</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,074,597</b>	<b>\$ 264,815</b>	<b>\$ 35,152</b>	<b>\$ 1</b>	<b>\$ 1,374,565</b>

Amounts Reported for *Governmental Activities* in the Statement of Net Assets (A-1) are different because:

Total Fund Balances - Governmental Funds (Above)	\$ 486,207
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$10,855,360 and the accumulated depreciation is \$4,916,494.	5,938,866
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.	(4,006,819)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(71,291)
<b>Net Assets of Governmental Activities</b>	<b>\$ 2,346,963</b>

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

WHARTON BOARD OF EDUCATION  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUE:</b>					
Local Sources:					
Local Tax Levy	\$ 7,057,979			\$ 364,883	\$ 7,422,862
Tuition	313,720				313,720
Transportation	8,385				8,385
Investment Interest	43				43
Miscellaneous	28,694	\$ 1,213			29,907
Total - Local Sources	7,408,821	1,213		364,883	7,774,917
State Sources	3,583,854	221,609		164,822	3,970,285
Federal Sources	551,686	876,803			1,428,489
Total Revenue	11,544,361	1,099,625		529,705	13,173,691
<b>EXPENDITURES:</b>					
Instruction:					
Regular Instruction	3,450,773	720,080			4,170,853
Special Education Instruction	1,224,928	383,526			1,608,454
Other Instruction	278,878				278,878
Support Services and Undistributed Costs:					
Tuition	336,734				336,734
Student & Instruction Related Services	1,141,857				1,141,857
General Administration Services	294,779				294,779
School Administration Services	278,908				278,908
Central Services	168,860				168,860
Administrative Information Technology	114,146				114,146
Plant Operations and Maintenance	828,328				828,328
Pupil Transportation	206,610				206,610
Unallocated Benefits	2,489,236				2,489,236

WHARTON BOARD OF EDUCATION  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd):					
Capital Outlay	\$ 26,850		\$ 468,601		\$ 495,451
Debt Service:					
Principal				\$ 380,000	380,000
Interest and Other Charges				149,705	149,705
Total Expenditures	10,840,887	\$ 1,103,606	468,601	529,705	12,942,799
Excess/(Deficiency) of Revenue over Expenditures	703,474	(3,981)	\$ (468,601)		230,892
OTHER FINANCING SOURCES/(USES):					
Transfers In			420,960		420,960
Transfers Out	(420,960)				(420,960)
Total Other Financing Sources/(Uses)	(420,960)		420,960		
Net Change in Fund Balances	282,514	(3,981)	(47,641)		230,892
Fund Balance/(Deficit)—July 1	187,024	(14,503)	82,793	1	255,315
Fund Balance/(Deficit)—June 30	\$ 469,538	\$ (18,484)	\$ 35,152	\$ 1	\$ 486,207

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

WHARTON BOARD OF EDUCATION  
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) \$ 230,892

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 outlay exceeded depreciation in the period.

Depreciation Expense	\$ (265,809)	
Capital Outlays	<u>495,451</u>	
		229,642

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+) (23,459)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. (+) 394,683

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 (+) 7,125

Change in Net Assets - Governmental Activities (from A-2) \$ 838,883

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

WHARTON BOARD OF EDUCATION  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
AS OF JUNE 30, 2010

	Business-type Activities - Enterprise Funds
	Food Service
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 94,241
Intergovernmental Accounts Receivable:	
Federal	16,723
State	801
Inventories	2,484
Total Current Assets	114,249
Non-Current Assets:	
Capital Assets	60,160
Less: Accumulated Depreciation	(58,579)
Total Non-Current Assets	1,581
Total Assets	115,830
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable - Vendors	43,677
Deferred Revenue	1,385
Total Liabilities	45,062
<b>NET ASSETS:</b>	
Investment in Capital Assets Net of Related Debt	1,581
Unrestricted	69,187
Total Net Assets	\$ 70,768

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

WHARTON BOARD OF EDUCATION  
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	\$ 72,870
Daily Sales - Non-Reimbursable Programs	34,470
	<hr/>
Total Operating Revenue	107,340
	<hr/>
Operating Expenses:	
Cost of Sales	119,781
Salaries, Benefits & Payroll Taxes	113,884
Supplies, Insurance & Other Costs	9,485
Management Fee	8,240
Other Purchased Services	999
Miscellaneous	17,301
Depreciation Expense	5,358
	<hr/>
Total Operating Expenses	275,048
	<hr/>
Operating (Loss)	(167,708)
	<hr/>
Non-Operating Income:	
State Sources:	
State School Lunch Program	6,693
State School Breakfast Program	1,976
Federal Sources:	
National School Lunch Program	152,532
National School Breakfast Program	26,747
Food Distribution Program	9,465
	<hr/>
Total Non-Operating Income	197,413
	<hr/>
Change in Net Assets	29,705
	<hr/>
Net Assets - Beginning of Year	41,063
	<hr/>
Net Assets - End of Year	<u>\$ 70,768</u>

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

Exhibit B-6

WHARTON BOARD OF EDUCATION  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 152,019
Payments to Employees	(113,884)
Payments to Food Service Vendor	(180,807)
Payments to Suppliers	(9,485)
	(152,157)
Net Cash Used for Operating Activities	
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	6,514
State School Breakfast Program	1,920
Federal Sources:	
National School Lunch Program	147,504
National School Breakfast Program	25,706
	181,644
Net Cash Provided by Noncapital Financing Activities	
Net Increase in Cash and Cash Equivalents	29,487
Cash and Cash Equivalents, July 1	64,754
Cash and Cash Equivalents, June 30	\$ 94,241
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (167,708)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	5,358
Food Distribution Program	9,465
Changes in Assets and Liabilities:	
Decrease in Inventory	(1,385)
Increase in Deferred Revenue	1,385
Decrease in Accounts Receivable	44,679
(Decrease) in Accounts Payable	(43,951)
	(152,157)
Net Cash Used for Operating Activities	\$ (152,157)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized USDA Donated Commodities through the Food Distribution Program valued at \$9,465 for the fiscal year ended June 30, 2010.

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

WHARTON BOARD OF EDUCATION  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2010

	<u>Agency</u>		<u>Unemployment Compensation Trust</u>	<u>Total</u>
	<u>Student Activities</u>	<u>Payroll</u>		
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 14,123	\$ 56,930	\$ 6,148	\$ 77,201
Interfund Accounts Receivable		12		12
<b>Total Assets</b>	<u>14,123</u>	<u>56,942</u>	<u>6,148</u>	<u>77,213</u>
<b>LIABILITIES:</b>				
Net Payroll		42		42
Payroll Deductions and Withholdings Due to Student Groups	<u>14,123</u>	<u>56,900</u>		<u>56,900</u> <u>14,123</u>
<b>Total Liabilities</b>	<u>14,123</u>	<u>56,942</u>		<u>71,065</u>
<b>NET ASSETS:</b>				
Held in Trust for Unemployment Claims			<u>6,148</u>	<u>6,148</u>
<b>Total Net Assets</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

WHARTON BOARD OF EDUCATION  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Unemployment Compensation Trust	Totals
	<hr/>	<hr/>
ADDITIONS:		
Contributions:		
Employee	\$ 13,436	\$ 13,436
District	24,747	24,747
Total Contributions	<hr/> 38,183	<hr/> 38,183
DEDUCTIONS:		
Unemployment Compensation Claims	<hr/> 43,249	<hr/> 43,249
Total Deductions	<hr/> 43,249	<hr/> 43,249
Change in Net Assets	(5,066)	(5,066)
Net Assets - Beginning of the Year	<hr/> 11,214	<hr/> 11,214
Net Assets - End of the Year	<hr/> <hr/> \$ 6,148	<hr/> <hr/> \$ 6,148

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

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include one elementary school and one middle school located in the Borough of Wharton. 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 District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

B. Basis of Presentation: (Cont'd)

Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses in the 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.

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund and Unemployment Compensation 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. Non-exchange 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 Fund are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A:2(m)1. 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 reserves on the annual budget during the year).

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

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

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

	General Fund	Special Revenue Fund
<b>Sources/Inflows of Resources:</b>		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 11,562,446	\$ 1,096,128
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the related Revenue is Recognized.		7,478
Prior Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	324,524	14,503
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(342,609)	(18,484)
	<u>\$ 11,544,361</u>	<u>\$ 1,099,625</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 11,544,361</u>	<u>\$ 1,099,625</u>

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 10,840,887	\$ 1,096,128
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.		7,478
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 10,840,887	\$ 1,103,606

E. Cash and Cash Equivalents and Investments:

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

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

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

F. Interfund Transactions:

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

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

F. Interfund Transactions: (Cont'd)

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

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

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 changes 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

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

K. Capital Assets: (Cont'd)

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.

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.

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

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

L. Long Term Liabilities:

In the government-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond 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 debt service 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. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Board and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

N. Compensated Absences: (Cont'd)

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

O. Deferred Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$469,538 General Fund balance at June 30, 2010, \$77,592 is reserved in the capital reserve account; \$1,821 is reserved for encumbrances; \$104,000 is reserved in the maintenance reserve account; \$250,000 is reserved in the emergency reserve account; \$39,953 is reserved for excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73(S1701) and will be appropriated included as anticipated revenue for the fiscal year ending June 30, 2012; \$72,248 is reserved as prior year excess surplus and has been appropriated and included as anticipated revenue for the year ended June 30, 2011; and (\$76,076) is unreserved and undesignated which is \$342,609 less than the calculated maximum unreserved fund balance, on a GAAP basis, due to the last two state aid payments, which are not recognized until the fiscal year ended June 30, 2011 on a GAAP basis.

Capital Projects Fund: The Capital Projects fund balance at June 30, 2010, of \$35,152 is unreserved and undesignated.

Debt Service Fund: The Debt Service fund balance at June 30, 2010, of \$1 is unreserved and undesignated.

Special Revenue Fund: There is a (\$18,484) Special Revenue fund balance at June 30, 2010. The deficit is due to the last two state aid payments, which are not recognized on a GAAP basis until the fiscal year ended June 30, 2011.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus at June 30, 2010 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 \$342,609 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 two state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

P. Fund Balance Appropriated:

financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

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.

R. Fund Balance Reserves:

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

S. Deficit Fund Balances/Net Assets:

The \$474,027 deficit in the Unrestricted Net Assets of the District's Governmental Activities is primarily due to the accrual of \$316,741 of compensated absences, \$71,290 of accrued interest payable and \$1,821 of encumbrances at June 30, 2010. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

T. Revenue - Exchange and Nonexchange Transactions:

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

T. Revenue - Exchange and Nonexchange Transactions: (Cont'd)

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

V. Management Estimates:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

Credit Risk – The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below and 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.

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:

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

Investments: (Cont'd)

- (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 and investments of the District consisted of the following:

	Cash and Cash Equivalents	Capital Reserve	Total
Checking & Savings Accounts	\$ 862,517	\$ 77,592	\$ 940,109
	\$ 862,517	\$ 77,592	\$ 940,109

During the period ended June 30, 2010, the District did not hold any investments other than certificates of deposit. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2010, was \$940,109 and the bank balance was \$1,311,704.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year end of any unanticipated revenue or unexpended line item appropriations, 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.

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

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

Balance at June 30, 2009	\$ 77,592
Balance at June 30, 2010	<u>\$ 77,592</u>

The balance in the capital reserve account at June 30, 2010 did not exceed the balance of local support costs of uncompleted capital projects in the District's approved Long Range Facilities Plan ("LRFP"). Withdrawals from the capital reserve are for use in a DOE approved facilities project, consistent with the District's LRFP.

NOTE 5. CAPITAL ASSETS

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

	<u>Balance</u> <u>6/30/2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2010</u>
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 164,279			\$ 164,279
Construction in Progress	2,438	\$ 468,601		471,039
Total Capital Assets not Being Depreciated	<u>166,717</u>	<u>468,601</u>		<u>635,318</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	9,400,475			9,400,475
Machinery and Equipment	792,717	\$ 26,850		819,567
Total Capital Assets Being Depreciated	<u>10,193,192</u>	<u>26,850</u>		<u>10,220,042</u>
Governmental Activities Capital Assets	<u>10,359,909</u>	<u>495,451</u>		<u>10,855,360</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(4,098,626)	(232,622)		(4,331,248)
Machinery and Equipment	(552,059)	(33,187)		(585,246)
Total Accumulated Depreciation	<u>(4,650,685)</u>	<u>(265,809)</u>		<u>(4,916,494)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 5,709,224</u>	<u>\$ 229,642</u>	<u>\$ - 0 -</u>	<u>\$ 5,938,866</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 60,160			\$ 60,160
Less Accumulated Depreciation	(53,221)	(5,358)		(58,579)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 6,939</u>	<u>\$ (5,358)</u>		<u>\$ 1,581</u>
<b>GRAND TOTAL</b>	<u>\$ 5,716,163</u>	<u>\$ 224,284</u>	<u>\$ - 0 -</u>	<u>\$ 5,940,447</u>

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

General/Unallocated	\$ 233,065
Operations and Maintenance of Plant	26,698
Transportation	6,046
	\$ 265,809

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2010, the District made transfers to capital outlay in the amount of \$24,650.

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:

	Balance 6/30/2009	Accrued	Retired	Balance 6/30/2010
Compensated Absences Payable	\$ 293,282	\$ 23,459		\$ 316,741
Obligations Under Capital Leases	54,762		\$ 14,684	40,078
Bonds Payable	4,030,000		380,000	3,650,000
	\$ 4,378,044	\$ 23,459	\$ 394,684	\$ 4,006,819

A. Bonds Payable:

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

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

Maturity Date	Interest Rate	Amount
7/1/2023	3.75%-4.00%	\$ 3,650,000

**WHARTON BOARD OF EDUCATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
(Continued)

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

**A. Bonds Payable:**

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

Year Ending June 30,	Bonds		Total
	Principal	Interest	
2011	\$ 380,000	\$ 136,215	\$ 516,215
2012	380,000	122,725	502,725
2013	245,000	110,700	355,700
2014	240,000	101,000	341,000
2015	240,000	91,400	
2016-2020	1,225,000	311,100	1,536,100
2021-2024	940,000	75,500	1,015,500
	<u>\$ 3,650,000</u>	<u>\$ 948,640</u>	<u>\$ 4,267,240</u>

**B. Bonds Authorized But Not Issued:**

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

**C. Capital Leases Payable:**

Year Ending June 30,	Leases		Total
	Principal	Interest	
2011	\$ 15,261	\$ 1,437	\$ 16,698
2012	15,862	836	16,698
2013	5,928	210	6,138
2014	3,027	43	3,070
	<u>\$ 40,078</u>	<u>\$ 2,526</u>	<u>\$ 42,604</u>

**D. Compensated Absences Payable:**

The liability for compensated absences of the governmental fund types is recorded as a long-term liability and will be liquidated through the General Fund. There is no current portion of the compensated absences balance of the governmental funds in the current year; therefore, the entire \$316,741 represents the long-term liability balance of compensated absences.

There is no liability for compensated absences in the District's Enterprise Funds.

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

NOTE 8. PENSION PLANS

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

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

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

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Employee contributions are based on percentages of 5.50% for TPAF and 5.50% for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF.

Three-Year Trend for TPAF (Paid on-behalf of District)			
Year Funding June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ -0-	100.00%	\$ -0-
2009	-0-	100.00%	-0-
2008	724,382	100.00%	724,382

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.

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

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

Three-Year Trend for PERS			
Year Funding June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 84,962	100.00%	\$ 84,962
2009	62,279	100.00%	62,279
2008	57,765	80.00%	46,212

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers Pensions and Annuity Fund (TPAF) and Public Employees' Retirement Systems (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 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 and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$353,496, \$349,693, and \$336,591 for 2010, 2009, and 2008, respectively.

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains its health benefit coverage through Horizon Blue Cross Blue Shield.

Property and Liability

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.

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
 (Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability

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

As a member of this Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body. 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 Fund as of June 30, 2009 is as follows:

	School Alliance Insurance Fund
Total Assets	\$ 33,656,794
Net Assets	\$ 14,417,326
Total Revenue	\$ 28,042,089
Total Expenses	\$ 25,015,943
Change in Net Assets	\$ 3,026,146
Net Assets Distribution to Participating Members	\$ 3,005,614

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

Public Entity Group Administrative Services  
 51 Everett Drive  
 Suite B-40  
 West Windsor, NJ 08550

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2009-2010	24,747	13,436	43,249	6,148
2008-2009	18,015	11,382	27,057	11,214
2007-2008	10,357	10,318	25,441	8,874

NOTE 11. 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 12. DEFERRED COMPENSATION

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

Equitable	Met Life Investors
Lincoln Investment Planning	Valic
Metropolitan Life Insurance Co.	

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	\$ 231,690	\$ 12
Special Revenue Fund		231,690
Fiduciary Funds	12	
	<u>\$ 231,702</u>	<u>\$ 231,702</u>

The interfund between the General Fund and the Special Revenue fund represents cash advanced to the Special Revenue Fund awaiting the receipt of federal grant awards.

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 14. CONTINGENT LIABILITIES

Litigation

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

Grant Programs

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

Arbitrage

The District is not subject to liability for arbitrage payable to the federal government relative to its \$3,650,000 School Bonds dated March 1, 2001 as the District is considered a small issuer with debt under \$15,000,000.

NOTE 15. TAX CALENDAR

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

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

NOTE 16. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by the Board of Education by inclusion of \$104,000 in the 2009-2010 budget. The account is maintained in the general fund. The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCRA (N.J.S.A. 18A:7G-9). EFCRA requires that upon District completion of a school facilities project, the District must submit a plan for the maintenance of that facility. All such plans must include a provision for a maintenance reserve fund. The balance as of June 30, 2010 is \$104,000.

**BUDGETARY COMPARISON SCHEDULES**

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUE:</b>					
Local Sources:					
Local Tax Levy	\$ 7,057,979		\$ 7,057,979	\$ 7,057,979	
Tuition	277,930		277,930	313,720	\$ 35,790
Transportation	6,830		6,830	8,385	1,555
Investment Interest	2,000		2,000	43	(1,957)
Miscellaneous	5,000		5,000	28,694	23,694
<b>Total - Local Sources</b>	<b>7,349,739</b>		<b>7,349,739</b>	<b>7,408,821</b>	<b>59,082</b>
State Sources:					
Equalization Aid	2,863,993	\$ (519,660)	2,344,333	2,228,656	(115,677)
Transportation Aid	61,594		61,594	40,036	(21,558)
Special Education Aid	423,113		423,113	423,113	
Security Aid	131,883		131,883	85,724	(46,159)
Extraordinary Aid	10,000		10,000	21,741	11,741
Non Public Transportation				4,792	4,792
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				18,822	18,822
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				353,496	353,496
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				425,559	425,559
<b>Total State Sources</b>	<b>3,490,583</b>	<b>(519,660)</b>	<b>2,970,923</b>	<b>3,601,939</b>	<b>631,016</b>
Federal Sources:					
Medicaid Reimbursement	19,170		19,170	32,026	12,856
ARRA - ESF		500,293	500,293	500,293	
ARRA - GSF		19,367	19,367	19,367	
<b>Total Federal Sources</b>	<b>19,170</b>	<b>519,660</b>	<b>538,830</b>	<b>551,686</b>	<b>12,856</b>
<b>TOTAL REVENUE</b>	<b>10,859,492</b>		<b>10,859,492</b>	<b>11,562,446</b>	<b>702,954</b>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	342,782	45,149	387,931	387,931	
Grades 1-5 - Salaries of Teachers	1,678,050	95,812	1,773,862	1,773,862	
Grades 6-8 - Salaries of Teachers	1,289,108	(140,039)	1,149,069	1,149,069	
Regular Programs - Home Instruction:					
Salaries of Teachers	500	9,527	10,027	10,027	

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular Programs - Instruction (Cont'd):					
Other Purchased Services (400-500 series)	\$ 70,860	\$ (64,314)	\$ 6,546	\$ 3,703	\$ 2,843
General Supplies	140,391	(15,331)	125,060	116,690	8,370
Textbooks	17,976	(7,294)	10,682	9,491	1,191
<b>Total Regular Programs - Instruction</b>	<b>3,539,667</b>	<b>(76,490)</b>	<b>3,463,177</b>	<b>3,450,773</b>	<b>12,404</b>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	206,032	(42,761)	163,271	160,544	2,727
Other Salaries for Instruction	30,809	10,925	41,734	32,757	8,977
General Supplies	4,349		4,349	4,263	86
Textbooks	6,664		6,664	5,119	1,545
<b>Total Learning and/or Language Disabilities</b>	<b>247,854</b>	<b>(31,836)</b>	<b>216,018</b>	<b>202,683</b>	<b>13,335</b>
Resource Room/Resource Center:					
Salaries of Teachers	574,628	(10,022)	564,606	564,606	
Other Salaries for Instruction	106,016	(4,860)	101,156	94,572	6,584
General Supplies	12,062	(6,708)	5,354	2,820	2,534
Textbooks	348	88	436	428	8
<b>Total Resource Room/Resource Center</b>	<b>693,054</b>	<b>(21,502)</b>	<b>671,552</b>	<b>662,426</b>	<b>9,126</b>
Autism					
Salaries of Teachers	63,784	2,853	66,637	66,637	
Other Salaries for Instruction	38,171	5,740	43,911	29,601	14,310
Purchased Professional - Educational Services	27,448	(2,608)	24,840	24,840	
Other Purchased Services (400-500 series)	39,780	(5,985)	33,795	32,780	1,015
General Supplies	2,681		2,681	967	1,714
<b>Total Autism</b>	<b>171,864</b>		<b>171,864</b>	<b>154,825</b>	<b>17,039</b>
Preschool Disabilities - Full-Time					
Salaries of Teachers	112,101	5,824	117,925	117,925	
Other Salaries for Instruction	37,985		37,985	30,035	7,950
Purchased Professional - Educational Services	42,782	(16,824)	25,958	22,628	3,330
Other Purchased Services (400-500 series)	41,000		41,000	32,780	8,220
General Supplies	3,251		3,251	1,626	1,625
<b>Total Preschool Disabilities - Full-Time</b>	<b>237,119</b>	<b>(11,000)</b>	<b>226,119</b>	<b>204,994</b>	<b>21,125</b>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Total Special Education - Instruction	\$ 1,349,891	\$ (64,338)	\$ 1,285,553	\$ 1,224,928	\$ 60,625
<b>Bilingual Education - Instruction:</b>					
Salaries of Teachers	197,798	8,190	205,988	187,755	18,233
General Supplies	1,487		1,487	1,001	486
Total Bilingual - Instruction	199,285	8,190	207,475	188,756	18,719
<b>School-Sponsored Cocurricular/Extracurricular Activities - Instruction:</b>					
Salaries	33,582	472	34,054	30,331	3,723
Purchased Services (300-500 series)	1,000	(472)	528		528
Supplies and Materials	1,000	500	1,500	1,398	102
Other Objects	1,200		1,200	30	1,170
Total School-Sponsored Cocurricular/Extracurricular Activities - Instruction	36,782	500	37,282	31,759	5,523
<b>School-Sponsored Cocurricular Athletics - Instruction:</b>					
Salaries	29,532	2,668	32,200	32,200	
Purchased Services (300-500 series)	2,975	(1,035)	1,940	1,840	100
Supplies and Materials	1,477	(593)	884	668	216
Other Objects	1,040	(1,040)			
Total School-Sponsored Cocurricular Athletics - Instruction	35,024		35,024	34,708	316
<b>Other Instructional Programs - Instruction</b>					
Salaries	9,058	1,541	10,599	10,599	
Purchased Services (300-500 series)	2,500	(1,525)	975		975
Supplies and Materials	200	(16)	184	177	7
Other Objects	1,200		1,200	830	370
Total School-Sponsored Cocurricular Athletics - Instruction	12,958		12,958	11,606	1,352
<b>Before/After School Programs - Instruction</b>					
Salaries	18,108		18,108	12,049	6,059
Total Other Instructional Programs - Instruction	18,108		18,108	12,049	6,059
Total Instruction	5,191,715	(132,138)	5,059,577	4,954,579	104,998

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
<b>Undistributed Expenditures:</b>					
<b>Instruction:</b>					
Tuition to Other LEAs Within the State - Special	\$ 74,604	\$ 1,247	\$ 75,851	\$ 75,850	\$ 1
Tuition to Private Schools for the Handicapped - Within State	236,810	26,760	263,570	260,884	2,686
<b>Total Undistributed Expenditures - Instruction</b>	<b>311,414</b>	<b>28,007</b>	<b>339,421</b>	<b>336,734</b>	<b>2,687</b>
<b>Attendance &amp; Social Work:</b>					
Salaries	15,778	1,064	16,842	16,674	168
Supplies and Materials	1,000	(54)	946		946
<b>Total Attendance &amp; Social Work</b>	<b>16,778</b>	<b>1,010</b>	<b>17,788</b>	<b>16,674</b>	<b>1,114</b>
<b>Health Services:</b>					
Salaries	97,667	(3,831)	93,836	93,836	
Purchased Professional and Technical Services	6,500	380	6,880	6,760	120
Other Purchased Services (400-500 series)	200	(200)			
Supplies and Materials	2,084	94	2,178	2,178	
<b>Total Health Services</b>	<b>106,451</b>	<b>(3,557)</b>	<b>102,894</b>	<b>102,774</b>	<b>120</b>
<b>Speech, OT, PT &amp; Related Services:</b>					
Salaries	157,818	967	158,785	158,785	
Purchased Professional - Educational Services	157,788	(42,126)	115,662	90,261	25,401
Purchased Professional and Technical Services	2,000		2,000		2,000
Supplies and Materials	3,774		3,774	2,130	1,644
<b>Total Speech, OT, PT &amp; Related Services</b>	<b>321,380</b>	<b>(41,159)</b>	<b>280,221</b>	<b>251,176</b>	<b>29,045</b>
<b>Other Support Services - Students - Extra Services:</b>					
Salaries	55,937	9,670	65,607	61,713	3,894
<b>Total Other Support Services - Students - Extra Services</b>	<b>55,937</b>	<b>9,670</b>	<b>65,607</b>	<b>61,713</b>	<b>3,894</b>
<b>Guidance:</b>					
Salaries of Other Professional Staff	56,164	57,914	114,078	114,078	
Salaries of Secretarial and Clerical Assistants	20,239	2,113	22,352	22,352	
Purchased Professional - Educational Services	1,600	1,755	3,355	1,530	1,825
Other Purchased Services (400-500 series)	50	(50)			
Supplies and Materials	2,500	(1,007)	1,493	1,493	
<b>Total Guidance</b>	<b>80,553</b>	<b>60,725</b>	<b>141,278</b>	<b>139,453</b>	<b>1,825</b>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
<b>Child Study Team:</b>					
Salaries	\$ 65,910	\$ (12,099)	\$ 53,811	\$ 52,196	\$ 1,615
Salaries of Other Professional Staff	218,744	(625)	218,119	216,804	1,315
Salaries of Secretarial and Clerical Assistants	36,389	1,312	37,701	37,602	- 99
Purchased Professional - Educational Services	21,250	21,840	43,090	28,330	14,760
Other Purchased Services	4,535	(2,000)	2,535	2,535	
Other Purchased Services (400-500 series)	1,000		1,000	324	676
Supplies and Materials	9,900	(7,819)	2,081	1,185	896
Other Objects	500	2,500	3,000	3,000	
<b>Total Child Study Team</b>	<b>358,228</b>	<b>3,109</b>	<b>361,337</b>	<b>341,976</b>	<b>19,361</b>
<b>Improvement of Instructional Services:</b>					
Salaries of Supervisor of Instruction	117,895		117,895	117,346	549
Salaries of Other Professional Staff	6,300		6,300	5,991	309
Other Salaries	7,740		7,740	7,740	
Purchased Professional - Educational Services	30,600	(1,890)	28,710	2,757	25,953
Supplies and Materials	360		360		360
Other Objects	875		875	775	100
<b>Total Improvement of Instructional Services</b>	<b>163,770</b>	<b>(1,890)</b>	<b>161,880</b>	<b>134,609</b>	<b>27,271</b>
<b>Educational Media Services/School Library:</b>					
Salaries	77,033	(1,357)	75,676	75,676	
Purchased Professional and Technical Services	1,528		1,528		1,528
Other Purchased Services (400-500 series)	7,562		7,562	5,257	2,305
Supplies and Materials	10,000		10,000	8,307	1,693
<b>Total Educational Media Services/School Library</b>	<b>96,123</b>	<b>(1,357)</b>	<b>94,766</b>	<b>89,240</b>	<b>5,526</b>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	\$ 4,500		\$ 4,500	\$ 3,645	\$ 855
Supplies and Materials	1,050		1,050	597	453
Total Instructional Staff Training Services	<u>5,550</u>		<u>5,550</u>	<u>4,242</u>	<u>1,308</u>
Support Services - General Administration:					
Salaries	80,186	\$ 104,474	184,660	162,850	21,810
Legal Services	31,000	(6,247)	24,753	22,616	2,137
Audit Fees	18,500	(650)	17,850	17,850	
Other Purchased Professional Services	14,400	3,656	18,056	18,043	13
Purchased Technical Services	92,000	(92,000)			
Communications/Telephone	37,000	(3,000)	34,000	29,752	4,248
BOE Other Purchased Services	3,475	(1,385)	2,090	1,738	352
Other Purchased Services (400-500 series)	31,550	(9,273)	22,277	18,578	3,699
General Supplies	7,900	1,745	9,645	9,645	
BOE In-House Training/ Meeting Supplies	300	(216)	84	84	
Miscellaneous Expenditures	6,330	988	7,318	6,515	803
BOE Membership Dues and Fees	8,300	(1,192)	7,108	7,108	
Total Support Services - General Administration	<u>330,941</u>	<u>(3,100)</u>	<u>327,841</u>	<u>294,779</u>	<u>33,062</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	206,602	(8,395)	198,207	198,201	6
Salaries of Secretarial and Clerical Assistants	72,181	786	72,967	72,797	170
Purchased Professional and Technical Services	3,000		3,000	3,000	
Other Purchased Services (400-500 series)	6,200	(941)	5,259	86	5,173
Supplies and Materials	6,750		6,750	4,434	2,316
Other Objects	2,400	(187)	2,213	390	1,823
Total Support Services - School Administration	<u>297,133</u>	<u>(8,737)</u>	<u>288,396</u>	<u>278,908</u>	<u>9,488</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Central Services:					
Salaries	\$ 57,122	\$ 51,159	\$ 108,281	\$ 98,736	\$ 9,545
Purchased Professional Services	36,645	22,933	59,578	59,578	
Purchased Technical Services	70,000	(70,000)			
Other Purchased Services (400-500 series)	11,050	(3,230)	7,820	7,713	107
Supplies and Materials	2,000	(862)	1,138	893	245
Miscellaneous Expenditures	2,015		2,015	1,940	75
<b>Total Central Services</b>	<b>178,832</b>		<b>178,832</b>	<b>168,860</b>	<b>9,972</b>
Administrative Information Technology					
Salaries	70,586	(1,046)	69,540	68,183	1,357
Purchased Professional Services	675	675	1,350	1,350	
Purchased Technical Services	1,325	(708)	617		617
Other Purchased Services (400-500 series)	23,850	28,630	52,480	44,613	7,867
Supplies and Materials	5,000	(1,210)	3,790		3,790
<b>Total Central Services</b>	<b>101,436</b>	<b>26,341</b>	<b>127,777</b>	<b>114,146</b>	<b>13,631</b>
Required Maintenance of School Facilities:					
Salaries	89,677	8,218	97,895	88,399	9,496
Cleaning, Repair and Maintenance Services	91,155	(32,868)	58,287	43,096	15,191
General Supplies	12,000		12,000	6,241	5,759
Other Objects	100		100		100
<b>Total Required Maintenance of School Facilities</b>	<b>192,932</b>	<b>(24,650)</b>	<b>168,282</b>	<b>137,736</b>	<b>30,546</b>
Custodial Services:					
Salaries	228,505	16,162	244,667	224,090	20,577
Purchased Professional and Technical Services	43,850	(4,525)	39,325	38,363	962
Cleaning, Repair and Maintenance Services	83,150	(1,038)	82,112	72,150	9,962
Rental of Land & Building Other Than Lease Purchase Agreement	53,520	(38,086)	15,434	15,434	
Other Purchased Property Services	13,992	9,051	23,043	19,974	3,069
Insurance	19,000	10,490	29,490	29,490	
Miscellaneous Purchased Services	4,750	(404)	4,346	4,166	180
General Supplies	12,000	352	12,352	12,352	
Energy (Electricity)	195,000	(105,227)	89,773	80,666	9,107
Energy (Natural Gas)	130,000	55,838	185,838	185,607	231
Other Expenses	500		500		500
<b>Total Custodial Services</b>	<b>784,267</b>	<b>(57,387)</b>	<b>726,880</b>	<b>682,292</b>	<b>44,588</b>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Care and Upkeep of Grounds:					
Contracted Services	\$ 9,500		\$ 9,500	\$ 8,300	\$ 1,200
General Supplies	4,000		4,000		4,000
<b>Total Care and Upkeep of Grounds</b>	<u>13,500</u>		<u>13,500</u>	<u>8,300</u>	<u>5,200</u>
Student Transportation Services:					
Salaries for Pupil Trans (Bet Home & School) - Special Education	33,402	\$ 5,399	38,801	38,801	
Cleaning, Repair and Maintenance Services	2,500	1,122	3,622	3,622	
Lease Purchase Payments - School Buses	10,559		10,559	10,559	
Contracted Services: Other Between Home and School - Vendors	28,355	2,590	30,945	29,177	1,768
Contracted Services: (Spl. Education Students) ESC & CTSA	170,000	(137,824)	32,176	24,553	7,623
Contracted Services: Aid in Lieu Payments - Nonpublic Students	27,800	95,195	122,995	95,441	27,554
Miscellaneous Purchased Services - Transportation	3,050	395	3,445	351	3,094
General Supplies	4,300		4,300	3,761	539
Transportation Supplies	1,250		1,250	345	905
<b>Total Student Transportation Services</b>	<u>281,216</u>	<u>(33,123)</u>	<u>248,093</u>	<u>206,610</u>	<u>41,483</u>
Unallocated Benefits:					
Social Security Contributions	115,076	24,430	139,506	134,248	5,258
Other Retirement Contributions	91,273	(5,102)	86,171	84,962	1,209
Unemployment Compensation	15,000	24,679	39,679	30,257	9,422
Workmen's Compensation	68,500	8,641	77,141	77,141	
Health Benefits	1,170,088	128,514	1,298,602	1,298,602	
Tuition Reimbursement	35,000	(24,177)	10,823	10,660	163
Other Employee Benefits	49,725	6,500	56,225	55,489	736
<b>Total Unallocated Benefits</b>	<u>1,544,662</u>	<u>163,485</u>	<u>1,708,147</u>	<u>1,691,359</u>	<u>16,788</u>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				\$ 18,822	\$ (18,822)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				353,496	(353,496)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				425,559	(425,559)
				<u>797,877</u>	<u>(797,877)</u>
 Total Undistributed Expenditures	 <u>\$ 5,241,103</u>	 <u>\$ 117,387</u>	 <u>\$ 5,358,490</u>	 <u>5,859,458</u>	 <u>(500,968)</u>
 <b>TOTAL CURRENT EXPENSE</b>	 <u>10,432,818</u>	 <u>(14,751)</u>	 <u>10,418,067</u>	 <u>10,814,037</u>	 <u>(395,970)</u>
 <b>CAPITAL OUTLAY:</b>					
Equipment:					
Operation and Maintenance of Plant Services		24,650	24,650	24,650	
Non-Instructional Services	2,200		2,200	2,200	
 Total Equipment	 <u>2,200</u>	 <u>24,650</u>	 <u>26,850</u>	 <u>26,850</u>	
 Total Capital Outlay	 <u>2,200</u>	 <u>24,650</u>	 <u>26,850</u>	 <u>26,850</u>	

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Transfer of Funds to Charter Schools	\$ 9,899	\$ (9,899)			
<b>TOTAL EXPENDITURES</b>	<u>10,444,917</u>		<u>\$ 10,444,917</u>	<u>\$ 10,840,887</u>	<u>\$ (395,970)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	414,575		414,575	721,559	306,984
Other Financing Sources/(Uses):					
Operating Transfer In/(Out):					
Capital Outlay Transfer to Capital Projects Fund	(420,960)		(420,960)	(420,960)	
Capital Reserve Transfer to Capital Projects	(111,000)		(111,000)		111,000
<b>Total Other Financing Sources/(Uses)</b>	<u>(531,960)</u>		<u>(531,960)</u>	<u>(420,960)</u>	<u>111,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(117,385)		(117,385)	300,599	195,984
Fund Balance, July 1	511,548		511,548	511,548	
Fund Balance, June 30	<u>\$ 394,163</u>	<u>\$ -0-</u>	<u>\$ 394,163</u>	<u>\$ 812,147</u>	<u>\$ 195,984</u>

Recapitulation:

Reserve for Encumbrances	\$ 1,821
Excess Surplus - Designated for Subsequent Year's Expenditures	72,248
Reserve for Excess Surplus	39,953
Maintenance Reserve	104,000
Emergency Reserve	250,000
Capital Reserve	77,592
Unreserved/Undesignated Fund Balance	<u>266,533</u>
	812,147
Reconciliation to Governmental Funds Statements (GAAP):	
Last State Aid Payment not Recognized on GAAP Basis	(342,609)
Fund Balance per Governmental Funds (GAAP)	<u>\$ 469,538</u>

WHARTON BOARD OF EDUCATION  
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
Revenue:					
State Sources	\$ 230,118		\$ 237,801	\$ 225,590	\$ (12,211)
Federal Sources	649,539	\$ 409,799	1,059,338	869,325	(190,013)
Local Sources		1,213	1,213	1,213	
<b>Total Revenue</b>	<b>879,657</b>	<b>411,012</b>	<b>1,298,352</b>	<b>1,096,128</b>	<b>(202,224)</b>
Expenditures:					
Instruction:					
Salaries of Teachers	168,981	152,243	321,224	299,269	21,955
Purchased Professional/Educational Services	500	9,265	9,765	12,589	(2,824)
Other Purchased Professional Services	2,000	31,316	33,316	19,204	14,112
Tuition	115,000		115,000	115,000	
General Supplies	125,729	30,170	155,899	122,755	33,144
<b>Total Instruction</b>	<b>412,210</b>	<b>222,994</b>	<b>635,204</b>	<b>568,817</b>	<b>66,387</b>
Support Services:					
Salaries	64,476	27,804	92,280	81,458	10,822
Purchased Professional/Educational Services	306,443	39,242	345,685	301,159	44,526
Other Purchased Professional Services	18,694	28,970	47,664	40,137	7,527
Travel	30,888	1,619	32,507	5,473	27,034
Personal Services - Employee Benefits	38,073	18,619	56,692	49,514	7,178
Supplies and Materials	7,913	33,789	41,702	8,029	33,673
Miscellaneous Expenses	960	(960)			
<b>Total Support Services</b>	<b>467,447</b>	<b>149,083</b>	<b>616,530</b>	<b>485,770</b>	<b>130,760</b>
Facilities Acquisition and Construction Services:					
Instructional Equipment		46,618	46,618	41,541	5,077
<b>Total Facilities Acquisition and Construction Services</b>		<b>46,618</b>	<b>46,618</b>	<b>41,541</b>	<b>5,077</b>
<b>Total Expenditures</b>	<b>\$ 879,657</b>	<b>\$ 418,695</b>	<b>\$ 1,298,352</b>	<b>\$ 1,096,128</b>	<b>\$ 202,224</b>

WHARTON BOARD OF EDUCATION  
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	\$ 11,562,446	\$ 1,096,128
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the related Revenue is Recognized.		7,478
Prior Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	324,524	14,503
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(342,609)	(18,484)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 11,544,361	\$ 1,099,625
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 10,840,887	\$ 1,096,128
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.		7,478
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 10,840,887	\$ 1,103,606

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

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

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

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

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

WHARTON BOARD OF EDUCATION  
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 Carryover	Title I	Title I - ARRA	Title II A Carryover	Title II A	
<b>REVENUE:</b>						
State Sources						
Federal Sources	\$ 2,265	\$ 182,220	\$ 12,004	\$ 19,251	\$ 12,460	\$ 1,000
Local Sources						
<b>Total Revenue</b>	<u>2,265</u>	<u>182,220</u>	<u>12,004</u>	<u>19,251</u>	<u>12,460</u>	<u>1,000</u>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers		139,889	8,332			
Purchased Professional/Educational Services						
Other Purchased Professional Services						
Tuition						
General Supplies	72	7,982	3,672			
<b>Total Instruction</b>	<u>72</u>	<u>147,871</u>	<u>12,004</u>			
Support Services:						
Salaries of Teachers						
Purchased Professional/Educational Services		3,000		1,300		1,000
Other Purchased Professional Services	2,193			17,951	11,406	
Travel						
Personal Services - Employee Benefits		27,978				
General Supplies		3,371			1,054	
<b>Total Support Services</b>	<u>2,193</u>	<u>34,349</u>		<u>19,251</u>	<u>12,460</u>	<u>1,000</u>
Facilities Acquisition and Construction Services:						
Instructional Equipment						
<b>Total Facilities Acquisition and Construction Services:</b>						
<b>Total Expenditures</b>	<u>\$ 2,265</u>	<u>\$ 182,220</u>	<u>\$ 12,004</u>	<u>\$ 19,251</u>	<u>\$ 12,460</u>	<u>\$ 1,000</u>

WHARTON BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>No Child Left Behind</u>			<u>INCLUDE</u>	<u>INCLUDE</u> <u>Carryover</u>	<u>IDEA Part B</u>
	<u>Title III</u> <u>Carryover</u>	<u>Title III</u>	<u>Title IV</u>			<u>Basic</u> <u>Carryover</u>
<b>REVENUE:</b>						
State Sources						
Federal Sources	\$ 8,805	\$ 19,436	\$ 3,251	\$ 206,509	\$ 24,253	\$ 13,803
Local Sources						
<b>Total Revenue</b>	<u>8,805</u>	<u>19,436</u>	<u>3,251</u>	<u>206,509</u>	<u>24,253</u>	<u>13,803</u>
<b>EXPENDITURES:</b>						
<b>Instruction:</b>						
Salaries of Teachers	2,871	1,042	2,837	12,446	8,075	10,901
Purchased Professional/Educational Services						
Tuition						
Other Purchased Professional Services						
General Supplies	5,934	15,567		84,315		
<b>Total Instruction</b>	<u>8,805</u>	<u>16,609</u>	<u>2,837</u>	<u>96,761</u>	<u>8,075</u>	<u>10,901</u>
<b>Support Services:</b>						
Salaries of Teachers		549		48,551	9,876	
Purchased Professional/Educational Services				44,199	5,000	
Other Purchased Professional Services		2,278		5,250	1,059	
Travel				5,230	243	
Personal Services - Employee Benefits			414			1,273
General Supplies						1,629
<b>Total Support Services</b>		<u>2,827</u>	<u>414</u>	<u>103,230</u>	<u>16,178</u>	<u>2,902</u>
<b>Facilities Acquisition and Construction Services:</b>						
Instructional Equipment				6,518		
<b>Total Facilities Acquisition and Construction Services:</b>				<u>6,518</u>		
<b>Total Expenditures</b>	<u>\$ 8,805</u>	<u>\$ 19,436</u>	<u>\$ 3,251</u>	<u>\$ 206,509</u>	<u>\$ 24,253</u>	<u>\$ 13,803</u>

WHARTON BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	IDEA Part B				Preschool Education Aid
	Basic	Basic - ARRA	Preschool Carryover	Preschool ARRA	
<b>REVENUE:</b>					
State Sources					\$ 225,590
Federal Sources	\$ 183,803	\$ 164,458	\$ 2,260	\$ 6,864	\$ 6,683
Local Sources					
<b>Total Revenue</b>	<u>183,803</u>	<u>164,458</u>	<u>2,260</u>	<u>6,864</u>	<u>6,683</u>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	19,005	87,663			6,208
Purchased Professional/Educational Services		5,725		6,864	
Other Purchased Professional Services		19,204			
Tuition	115,000				
General Supplies	4,000				
<b>Total Instruction</b>	<u>138,005</u>	<u>112,592</u>		<u>6,864</u>	<u>6,208</u>
<b>Support Services:</b>					
Salaries of Teachers	14,082				8,400
Purchased Professional/Educational Services	27,210		2,260		217,190
Other Purchased Professional Services					
Travel					
Personal Services - Employee Benefits	2,531	16,843		475	
General Supplies	1,975				
<b>Total Support Services</b>	<u>45,798</u>	<u>16,843</u>	<u>2,260</u>	<u>475</u>	<u>225,590</u>
<b>Facilities Acquisition and Construction Services:</b>					
Instructional Equipment		35,023			
<b>Total Facilities Acquisition and Construction Services:</b>		<u>35,023</u>			
<b>Total Expenditures</b>	<u>\$ 183,803</u>	<u>\$ 164,458</u>	<u>\$ 2,260</u>	<u>\$ 6,864</u>	<u>\$ 6,683</u>

WHARTON BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>BASF Science Grant</u>	<u>Lowe's Garden Grant</u>	<u>Total</u>
<b>REVENUE:</b>			
State Sources			\$ 225,590
Federal Sources			869,325
Local Sources	\$ 213	\$ 1,000	1,213
<b>Total Revenue</b>	<u>213</u>	<u>1,000</u>	<u>1,096,128</u>
<b>EXPENDITURES:</b>			
Instruction:			
Salaries of Teachers			299,269
Purchased Professional/Educational Services			12,589
Other Purchased Professional Services			19,204
Tuition			115,000
General Supplies	213	1,000	122,755
<b>Total Instruction</b>	<u>213</u>	<u>1,000</u>	<u>568,817</u>
Support Services:			
Salaries of Teachers			81,458
Purchased Professional/Educational Services			301,159
Other Purchased Professional Services			40,137
Travel			5,473
Personal Services - Employee Benefits			49,514
General Supplies			8,029
<b>Total Support Services</b>			<u>485,770</u>
Facilities Acquisition and Construction Services:			
Instructional Equipment			41,541
<b>Total Facilities Acquisition and Construction Services:</b>			<u>41,541</u>
<b>Total Expenditures</b>	<u>\$ 213</u>	<u>\$ 1,000</u>	<u>\$ 1,096,128</u>

WHARTON BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Support services:			
Salaries of Other Professional Staff	\$ 8,400	\$ 8,400	
Purchased Professional - Educational Services	221,718	217,190	\$ 4,528
Total Support Services	<u>230,118</u>	<u>225,590</u>	<u>4,528</u>
Total Expenditures	<u>\$ 230,118</u>	<u>\$ 225,590</u>	<u>\$ 4,528</u>

SUMMARY OF LOCATION TOTALS

Total Revised 2009-10 Preschool Education Allocation	\$ 230,118
Actual ECPA Carryover (June 30, 2009)	<u>          </u>
Total Preschool Aid Funds Available for 2009-10 Budget	230,118
Less: 2009-10 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>(230,118)</u>
Available & Unbudgeted Preschool Aid Funds as of June 30, 2010	-
Add: 2009-10 Unexpended Preschool Education Aid	4,528
2009-10 Actual Carryover - Preschool Education Aid	<u>\$ 4,528</u>
2009-10 Preschool Education Aid Carryover Budgeted in 2010-11	<u>-0-</u>

CAPITAL PROJECTS FUND

WHARTON BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010

Expenditures:	
Purchased Professional and Technical Services	\$ 122,736
Construction Services	345,865
Total Expenditures	<u>468,601</u>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	(468,601)
Other Financing Sources/(Uses):	
Operating Transfers In - Capital Outlay	<u>420,960</u>
Total Other Financing Sources/(Uses)	<u>420,960</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing (Uses)	(47,641)
Fund Balance - Beginning Balance	<u>82,793</u>
Fund Balance - Ending Balance	<u>\$ 35,152</u>

WHARTON BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
DUFFY ELEMENTARY SCHOOL - VARIOUS UPGRADES  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Share				\$ 270,336
Transfer from Capital Outlay	\$ 20,736	\$ 3,400	\$ 24,136	288,821
Total Revenues	<u>20,736</u>	<u>3,400</u>	<u>24,136</u>	<u>559,157</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services				328,800
Construction Services				20,000
Equipment Purchases				210,357
Total Expenditures				<u>559,157</u>
(Deficit) of Revenue Over Expenditures	<u>\$ 20,736</u>	<u>\$ 3,400</u>	<u>\$ 24,136</u>	<u>\$ -0-</u>

**Additional Project Information:**

Project Numbers	SP#5770-040-09-1001
Authorization Date	5/11/2009
State Share	270,336
Local Share	288,821
Original Authorized Cost	559,157
Additional Authorized Cost	-0-
Revised Authorized Cost	559,157
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	4.32%
Original Target Completion Date	6/30/2013

WHARTON BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
DUFFY ELEMENTARY SCHOOL - CORRIDOR CERAMIC TILE REPLACEMENT  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
<b>Revenue and Other Financing Sources:</b>				
State Share				\$ 16,266
Transfer from Capital Outlay	\$ 1,287	\$ 17,160	\$ 18,447	18,447
Total Revenues	<u>1,287</u>	<u>17,160</u>	<u>18,447</u>	<u>34,713</u>
<b>Expenditures and Other Financing Uses:</b>				
Purchased Professional and Technical Services		7,431	7,431	27,713
Construction Services				7,000
Total Expenditures		<u>7,431</u>	<u>7,431</u>	<u>34,713</u>
(Deficit) of Revenue Over Expenditures	<u>\$ 1,287</u>	<u>\$ 9,729</u>	<u>\$ 11,016</u>	<u>\$ -0-</u>

**Additional Project Information:**

Project Numbers	SP#5770-040-09-1002
Authorization Date	5/11/2009
State Share	16,783
Local Share	17,930
Original Authorized Cost	34,713
Additional Authorized Cost	-0-
Revised Authorized Cost	34,713
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	32%
Original Target Completion Date	6/30/2011

WHARTON BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
MACKINNON MIDDLE SCHOOL - VARIOUS UPGRADES  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
<b>Revenue and Other Financing Sources:</b>				
State Share				\$ 792,249
Transfer from Capital Outlay	\$ 60,770	\$ 400,400	\$ 461,170	846,418
Total Revenues	<u>60,770</u>	<u>400,400</u>	<u>461,170</u>	<u>1,638,667</u>
<b>Expenditures and Other Financing Uses:</b>				
Purchased Professional and Technical Services		115,305	115,305	171,667
Construction Services		345,865	345,865	967,000
Equipment Purchases				500,000
Total Expenditures		<u>461,170</u>	<u>461,170</u>	<u>1,638,667</u>
(Deficit) of Revenue Over Expenditures	<u>\$ 60,770</u>	<u>\$ (60,770)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

**Additional Project Information:**

Project Numbers	SP#5770-040-09-1003
Authorization Date	5/11/2009
State Share	792,249
Local Share	846,418
Original Authorized Cost	1,638,667
Additional Authorized Cost	-0-
Revised Authorized Cost	1,638,667
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	28.14%
Original Target Completion Date	6/30/2013

PROPRIETARY FUNDS

WHARTON BOARD OF EDUCATION  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2010

## ASSETS:

## Current Assets:

Cash and Cash Equivalents	\$ 94,241
Intergovernmental Accounts Receivable:	
Federal	16,723
State	801
Inventories	2,484

Total Current Assets	<u>114,249</u>
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## Non-Current Assets:

Capital Assets	60,160
Less: Accumulated Depreciation	<u>(58,579)</u>

Total Non-Current Assets	<u>1,581</u>
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Total Assets	<u>115,830</u>
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## LIABILITIES:

## Current Liabilities:

Accounts Payable - Vendors	43,677
Deferred Revenue	<u>1,385</u>

Total Liabilities	<u>45,062</u>
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## NET ASSETS:

Investment in Capital Assets Net of Related Debt	1,581
Unrestricted	<u>69,187</u>

Total Net Assets	<u>\$ 70,768</u>
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WHARTON BOARD OF EDUCATION  
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	\$ 72,870
Daily Sales - Non-Reimbursable Programs	34,470

## Total Operating Revenue

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 107,340

## Operating Expenses:

Cost of Sales	119,781
Salaries, Benefits & Payroll Taxes	113,884
Supplies, Insurance & Other Costs	9,485
Management Fee	8,240
Other Purchased Services	999
Miscellaneous	17,301
Depreciation Expense	5,358

## Total Operating Expenses

---

 275,048

## Operating Loss

(167,708)

## Non-Operating Income:

## State Sources:

State School Lunch Program	6,693
State School Breakfast Program	1,976

## Federal Sources:

National School Lunch Program	152,532
National School Breakfast Program	26,747
Food Distribution Program	9,465

## Total Non-Operating Income

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 197,413

## Change in Net Assets

29,705

## Net Assets - Beginning of Year

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 41,063

## Net Assets - End of Year

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 \$ 70,768
 

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WHARTON BOARD OF EDUCATION  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 152,019
Payments to Employees	(113,884)
Payments to Food Service Vendor	(180,807)
Payments to Suppliers	(9,485)
	<hr/>
Net Cash Used by Operating Activities	(152,157)
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	6,514
State School Breakfast Program	1,920
Federal Sources:	
National School Lunch Program	147,504
National School Breakfast Program	25,706
	<hr/>
Net Cash Provided by Noncapital Financing Activities	181,644
	<hr/>
Net Decrease in Cash and Cash Equivalents	29,487
Cash and Cash Equivalents, July 1	64,754
	<hr/>
Cash and Cash Equivalents, June 30	\$ 94,241
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss	\$ (167,708)
Adjustment to Reconcile Operating Loss to Cash Used by Operating Activities:	
Depreciation	5,358
Food Distribution Program	9,465
Changes in Assets and Liabilities:	
Decrease in Inventory	(1,385)
Increase in Deferred Revenue	1,385
Decrease in Accounts Receivable	44,679
(Decrease) in Accounts Payable	(43,951)
	<hr/>
Net Cash Used by Operating Activities	\$ (152,157)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized USDA Donated Commodities through the Food Distribution Program valued at \$9,465 for the fiscal year ended June 30, 2010.

FIDUCIARY FUNDS

WHARTON BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2010

	<u>Agency</u>		<u>Unemployment Compensation Insurance</u>	<u>Total</u>
	<u>Student Activities</u>	<u>Payroll</u>		
ASSETS:				
Cash and Cash Equivalents	\$ 14,123	\$ 56,930	\$ 6,148	\$ 77,201
Interfund Accounts Receivable		12		12
Total Assets	<u>14,123</u>	<u>56,942</u>	<u>6,148</u>	<u>77,213</u>
LIABILITIES:				
Net Payroll		42		42
Payroll Deductions and Withholdings		56,900	6,148	63,048
Due to Student Groups	<u>14,123</u>			<u>14,123</u>
Total Liabilities	<u>14,123</u>	<u>56,942</u>	<u>6,148</u>	<u>77,213</u>
TOTAL NET ASSETS	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

WHARTON BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Unemployment Compensation Trust</u>	<u>Totals</u>
Additions:		
Contributions:		
Employee State Unemployment Insurance		
Deductions	\$ 38,183	\$ 38,183
Total Contributions	38,183	38,183
Total additions	38,183	38,183
Deductions:		
State of New Jersey Unemployment		
Agency Payments	43,249	43,249
Total deductions	43,249	43,249
Change in net assets	(5,066)	(5,066)
Net assets—beginning of the year	11,214	11,214
Net assets—end of the year	\$ 6,148	\$ 6,148

WHARTON BOARD OF EDUCATION  
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	\$ 14,060	\$ 58,891	\$ 58,828	\$ 14,123
Total Assets	<u>\$ 14,060</u>	<u>\$ 58,891</u>	<u>\$ 58,828</u>	<u>\$ 14,123</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 14,060	\$ 58,891	\$ 58,828	\$ 14,123
Total Liabilities	<u>\$ 14,060</u>	<u>\$ 58,891</u>	<u>\$ 58,828</u>	<u>\$ 14,123</u>

WHARTON BOARD OF EDUCATION  
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>
Wharton District Schools:				
Duffy Elementary School	\$ 5,696	\$ 13,918	\$ 12,511	\$ 7,103
MacKinnon Middle School	8,364	44,973	46,317	7,020
	<u>14,060</u>	<u>58,891</u>	<u>58,828</u>	<u>14,123</u>
Total All Schools	<u>\$ 14,060</u>	<u>\$ 58,891</u>	<u>\$ 58,828</u>	<u>\$ 14,123</u>

WHARTON BOARD OF EDUCATION  
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	\$ 56,605	\$ 9,933,459	\$ 9,933,134	\$ 56,930
Interfund Receivable	\$ 12			12
Total Assets	<u>\$ 56,617</u>	<u>\$ 9,933,459</u>	<u>\$ 9,933,134</u>	<u>\$ 56,942</u>
<u>LIABILITIES:</u>				
Net Payroll		6,765,688	6,765,646	42
Payroll Deductions and Withholdings	56,617	3,167,771	3,167,488	56,900
Total Liabilities	<u>\$ 56,617</u>	<u>\$ 9,933,459</u>	<u>\$ 9,933,134</u>	<u>\$ 56,942</u>

LONG-TERM DEBT

WHARTON BOARD OF EDUCATION  
LONG-TERM DEBT  
STATEMENT OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding 6/30/2010		Interest Rate	Balance July 1, 2009	Retired or Matured	Balance June 30, 2010
			Date	Amount				
Refunding School Bonds Series 2006	1/26/2006	\$ 4,420,000	7/1/2010	\$ 380,000	3.75-4.00%			
			7/1/2011	380,000				
			7/1/2012	245,000				
			7/1/2013	240,000				
			7/1/2014	240,000				
			7/1/2015	235,000				
			7/1/2016	250,000				
			7/1/2017	250,000				
			7/1/2018	245,000				
			7/1/2019	245,000				
			7/1/2020	240,000				
			7/1/2021	235,000				
			7/1/2022	235,000				
7/1/2023	230,000							
						\$ 4,030,000	\$ 380,000	\$ 3,650,000
						<u>\$ 4,030,000</u>	<u>\$ 380,000</u>	<u>\$ 3,650,000</u>

WHARTON BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2009</u>	<u>Matured</u>	<u>Balance June 30, 2010</u>
16 Passenger School Bus	6.40%	\$ 48,369	\$ 28,983	\$ 10,559	\$ 18,424
HVAC Improvements	5.44%	28,449	<u>25,779</u>	<u>4,125</u>	<u>21,654</u>
			<u>\$ 54,762</u>	<u>\$ 14,684</u>	<u>\$ 40,078</u>

WHARTON BOARD OF EDUCATION  
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>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 364,883		\$ 364,883	\$ 364,883	
State Sources:					
Debt Service Aid Type II	164,822		164,822	164,822	
<b>Total Revenues</b>	<u>529,705</u>		<u>529,705</u>	<u>529,705</u>	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	149,705		149,705	149,705	
Redemption of Principal	380,000		380,000	380,000	
<b>Total Regular Debt Service</b>	<u>529,705</u>		<u>529,705</u>	<u>529,705</u>	
<b>Total Expenditures</b>	<u>529,705</u>		<u>529,705</u>	<u>529,705</u>	
Fund Balance, July 1	1		1	1	
Fund Balance, June 30	<u>\$ 1</u>	<u>\$ -0-</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -0-</u>
<u>Recapitulation of Fund Balance at June 30, 2010</u>					
Unreserved/Undesignated Fund Balance				<u>\$ 1</u>	

**STATISTICAL SECTION**

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

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

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

J-1 thru J-5

**Revenue Capacity**

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

J-6 thru J-9

**Debt Capacity**

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

J-10 thru J-13

**Demographic and Economic Information**

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

J-14 thru J-15

**Operating Information**

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

J-16 thru J-20

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

**WHARTON BOARD OF EDUCATION**  
**NET ASSETS BY COMPONENT**  
**LAST SEVEN FISCAL YEARS**  
**UNAUDITED**  
*(Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
<b>Governmental Activities:</b>							
Invested in Capital Assets, Net of Related Debt	\$ (105,299)	\$ 312,170	\$ 651,683	\$ 777,249	\$ 1,069,133	\$ 1,624,462	\$ 2,248,788
Restricted	549,681	294,973	251,400	202,331	156,987	338,773	572,202
Unrestricted/(Deficit)	<u>(59,852)</u>	<u>(171,534)</u>	<u>(219,633)</u>	<u>(391,288)</u>	<u>(299,723)</u>	<u>(455,156)</u>	<u>(474,027)</u>
<b>Total Governmental Activities Net Assets</b>	<u>\$ 384,530</u>	<u>\$ 435,609</u>	<u>\$ 683,450</u>	<u>\$ 588,292</u>	<u>\$ 926,397</u>	<u>\$ 1,508,079</u>	<u>\$ 2,346,963</u>
<b>Business-Type Activities:</b>							
Invested in Capital Assets, Net of Related Debt	\$ 33,839	\$ 28,370	\$ 23,012	\$ 17,654	\$ 12,297	\$ 6,939	\$ 1,581
Unrestricted	<u>(728)</u>	<u>4,750</u>	<u>11,868</u>	<u>13,823</u>	<u>23,442</u>	<u>34,124</u>	<u>69,187</u>
<b>Total Business-Type Activities Net Assets</b>	<u>\$ 33,111</u>	<u>\$ 33,120</u>	<u>\$ 34,880</u>	<u>\$ 31,477</u>	<u>\$ 35,739</u>	<u>\$ 41,063</u>	<u>\$ 70,768</u>
<b>District-Wide:</b>							
Invested in Capital Assets, Net of Related Debt	\$ (71,460)	\$ 340,540	\$ 674,695	\$ 794,903	\$ 1,081,430	\$ 1,631,401	\$ 2,250,369
Restricted	549,681	294,973	251,400	202,331	156,987	338,773	572,202
Unrestricted/(Deficit)	<u>(60,580)</u>	<u>(166,784)</u>	<u>(207,765)</u>	<u>(377,465)</u>	<u>(276,281)</u>	<u>(421,032)</u>	<u>(404,840)</u>
<b>Total District-Wide Net Assets</b>	<u>\$ 417,641</u>	<u>\$ 468,729</u>	<u>\$ 718,330</u>	<u>\$ 619,769</u>	<u>\$ 962,136</u>	<u>\$ 1,549,142</u>	<u>\$ 2,417,731</u>

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

Source: Borough of Wharton School District Financial Reports.

WHARTON BOARD OF EDUCATION  
CHANGES IN NET ASSETS  
LAST SEVEN FISCAL YEARS  
UNAUDITED  
*(Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
Expenses:							
Governmental Activities:							
Instruction:							
Regular	\$ 4,125,073	\$ 4,142,304	\$ 3,942,907	\$ 4,157,307	\$ 4,424,062	\$ 4,599,856	\$ 5,627,961
Special Education	695,052	788,524	1,154,932	1,305,797	1,296,817	1,504,761	1,993,869
Other Special Instruction	234,962	247,544	241,003	255,885	281,324	281,113	
Other Instruction	103,279	110,827	109,171	107,423	92,576	109,387	394,511
Support Services:							
Tuition	468,957	456,614	433,870	438,090	312,627	298,579	336,734
Student & Instruction Related Services	1,279,601	1,328,988	1,460,313	1,620,811	1,964,668	1,869,032	1,431,083
General Administration Services	424,513	397,263	408,710	398,051	358,158	334,236	337,303
School Administration Services	476,421	413,264	402,092	334,224	355,722	333,792	393,079
Central Services		272,328	293,896	313,076	268,412	322,153	186,004
Plant Operations and Maintenance	692,554	786,556	839,666	877,460	1,033,210	959,383	909,927
Pupil Transportation	208,284	239,056	234,422	312,484	207,407	222,810	216,742
Administrative Information Technology							131,950
Business and Other Support Services	192,022						
Unallocated Benefits	572,566	674,280	746,973	1,234,764	1,079,697	794,753	
Special Schools		1,876					
Interest On Long-Term Debt	347,224	276,906	210,823	196,247	181,143	165,538	142,580
Unallocated Depreciation		290,899	228,796	243,390	219,835	233,065	233,065
<b>Total Governmental Activities Expenses</b>	<b>9,820,508</b>	<b>10,427,229</b>	<b>10,707,574</b>	<b>11,795,009</b>	<b>12,075,658</b>	<b>12,028,458</b>	<b>12,334,808</b>

WHARTON BOARD OF EDUCATION  
CHANGES IN NET ASSETS  
LAST SEVEN FISCAL YEARS  
UNAUDITED  
*(Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
Expenses:							
Business-Type Activities:							
Food Service	\$ 261,587	\$ 243,550	\$ 252,641	\$ 240,991	\$ 255,420	\$ 274,640	\$ 275,048
Total Business-Type Activities Expenses	<u>261,587</u>	<u>243,550</u>	<u>252,641</u>	<u>240,991</u>	<u>255,420</u>	<u>274,640</u>	<u>275,048</u>
Total District-Wide Expenses	<u>\$ 10,082,095</u>	<u>\$ 10,670,779</u>	<u>\$ 10,960,215</u>	<u>\$ 12,036,000</u>	<u>\$ 12,331,078</u>	<u>\$ 12,303,098</u>	<u>\$ 12,609,856</u>
Program Revenues:							
Governmental Activities:							
Charges for Services						20,646	322,105
Operating Grants and Contributions	\$ 1,004,081	\$ 1,075,907	\$ 1,087,853	\$ 1,203,244	\$ 2,605,097	\$ 1,622,005	\$ 2,361,617
Total Governmental Activities Program Revenues	<u>1,004,081</u>	<u>1,075,907</u>	<u>1,087,853</u>	<u>1,203,244</u>	<u>2,605,097</u>	<u>1,642,651</u>	<u>2,683,722</u>
Business-Type Activities:							
Charges for Services:							
Food Service	125,277	133,026	128,223	118,488	116,353	117,807	107,340
Operating Grants and Contributions	94,532	110,397	125,900	118,412	142,579	162,093	197,413
Total Business Type Activities Program Revenues	<u>219,809</u>	<u>243,423</u>	<u>254,123</u>	<u>236,900</u>	<u>258,932</u>	<u>279,900</u>	<u>304,753</u>
Total District-Wide Program Revenues	<u>\$ 1,223,890</u>	<u>\$ 1,319,330</u>	<u>\$ 1,341,976</u>	<u>\$ 1,440,144</u>	<u>\$ 2,864,029</u>	<u>\$ 1,922,551</u>	<u>\$ 2,988,475</u>
Net (Expenses)/Revenue:							
Governmental Activities	\$ 8,816,427	\$ 9,351,322	\$ 9,619,721	\$ 10,591,765	\$ 9,470,561	\$ 10,385,807	\$ 9,651,086
Business-Type Activities	41,778	127	(1,482)	4,091	(3,512)	(5,260)	(29,705)
Total District-Wide Net (Expenses)/Revenue	<u>\$ 8,858,205</u>	<u>\$ 9,351,449</u>	<u>\$ 9,618,239</u>	<u>\$ 10,595,856</u>	<u>\$ 9,467,049</u>	<u>\$ 10,380,547</u>	<u>\$ 9,621,381</u>

WHARTON BOARD OF EDUCATION  
CHANGES IN NET ASSETS  
LAST SEVEN FISCAL YEARS  
UNAUDITED  
*(Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
General Revenues and Other Changes in Net Assets:							
Governmental Activities:							
Property Taxes Levied for General Purposes, Net	\$ 5,293,558	\$ 5,793,574	\$ 6,347,582	\$ 6,703,455	\$ 6,936,302	\$ 7,085,534	\$ 7,057,979
Taxes Levied for Debt Service	404,349	400,668	396,626	313,014	377,785	368,316	364,883
State Facilities Grant		153,876	176,096				
Unrestricted Grants and Contributions	2,713,659	2,825,391	2,943,058	3,278,285	2,303,057	3,105,851	
Federal and State Aid Not Restricted							3,038,370
State Aid for Debt Service	182,036	180,485	178,777	176,910	134,187	166,295	
Loss on Refunding of Long Term Debt			(228,000)				
Tuition					39,781	213,981	
Investment Earnings	3,053	9,555	20,311	23,459	13,863	2,218	43
Miscellaneous Income	61,611	38,852	33,113	11,067	13,197	26,627	28,694
Cancellation of Accounts Receivable/Payable				(9,584)	(9,507)	(1,332)	
Total Governmental Activities General Revenues & Other Changes in Net Assets	<u>8,658,266</u>	<u>9,402,401</u>	<u>9,867,563</u>	<u>10,496,606</u>	<u>9,808,665</u>	<u>10,967,490</u>	<u>10,489,969</u>
Business-Type Activities:							
Investment Earnings	21	136	278	688	749	65	
Total Business-Type Activities General Revenues & Other Changes in Net Assets	<u>21</u>	<u>136</u>	<u>278</u>	<u>688</u>	<u>749</u>	<u>65</u>	<u>- 0 -</u>
Total District-Wide General Revenues & Other Changes in Net Assets	<u>\$ 8,658,287</u>	<u>\$ 9,402,537</u>	<u>\$ 9,867,841</u>	<u>\$ 10,497,294</u>	<u>\$ 9,809,414</u>	<u>\$ 10,967,555</u>	<u>\$ 10,489,969</u>
Change in Net Assets:							
Governmental Activities	\$ (158,161)	\$ 51,079	\$ 247,842	\$ (95,159)	\$ 338,104	\$ 581,683	\$ 838,883
Business-Type Activities	(41,757)	9	1,760	(3,403)	4,261	5,325	29,705
Total District-Wide Change in Net Assets	<u>\$ (199,918)</u>	<u>\$ 51,088</u>	<u>\$ 249,602</u>	<u>\$ (98,562)</u>	<u>\$ 342,365</u>	<u>\$ 587,008</u>	<u>\$ 868,588</u>

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

Source: Borough of Wharton School District Financial Reports.

WHARTON BOARD OF EDUCATION  
FUND BALANCES - GOVERNMENTAL FUNDS  
LAST SEVEN FISCAL YEARS  
UNAUDITED  
 (Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
General Fund:							
Reserved	\$ 544,165	\$ 294,972	\$ 157,339	\$ 172,057	\$ 156,986	\$ 255,980	\$ 545,614
Unreserved/(Deficit)	125,054	57,003	52,578	35,196	85,177	(68,956)	(76,076)
Total General Fund	<u>\$ 669,219</u>	<u>\$ 351,975</u>	<u>\$ 209,917</u>	<u>\$ 207,253</u>	<u>\$ 242,163</u>	<u>\$ 187,024</u>	<u>\$ 469,538</u>
All Other Governmental Funds:							
Unreserved/(Deficit), Reported In:							
Special Revenue Fund	(22,706)	(23,908)	(23,908)	(23,908)	(30,182)	(14,503)	(18,484)
Capital Projects Fund	5,515	5,515	5,859	2,071		82,793	35,152
Debt Service Fund		1	88,202	28,203	1	1	1
Total All Other Governmental Funds	<u>\$ (17,191)</u>	<u>\$ (18,392)</u>	<u>\$ 70,153</u>	<u>\$ 6,366</u>	<u>\$ (30,181)</u>	<u>\$ 68,291</u>	<u>\$ 16,669</u>
Total Governmental Funds:							
Reserved	\$ 544,165	\$ 294,972	\$ 157,339	\$ 172,057	\$ 156,986	\$ 255,980	\$ 545,614
Unreserved/(Deficit), Reported In:							
General Fund	125,054	57,003	52,578	35,196	85,177	(68,956)	(76,076)
Special Revenue Fund	(22,706)	(23,908)	(23,908)	(23,908)	(30,182)		(18,484)
Capital Projects Fund	5,515	5,515	5,859	2,071		(38,935)	35,152
Debt Service Fund		1	88,202	28,203	1	8,812	1
Total All Governmental Funds	<u>\$ 652,028</u>	<u>\$ 333,583</u>	<u>\$ 280,070</u>	<u>\$ 213,619</u>	<u>\$ 211,982</u>	<u>\$ 255,315</u>	<u>\$ 486,207</u>

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

Source: Borough of Wharton School District Financial Reports.

WHARTON BOARD OF EDUCATION  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues:</b>										
Tax Levy	\$ 5,004,202	\$ 5,177,779	\$ 5,324,912	\$ 5,697,907	\$ 6,194,242	\$ 6,744,208	\$ 7,016,469	\$ 7,314,087	\$ 7,453,850	\$ 7,422,862
Tuition Charges								39,781	213,981	313,720
Transportation Fees									20,646	8,385
Interest on Capital Reserve	63,953	20,371	12,958	3,053	9,555	20,311	23,459	13,863	2,218	43
Miscellaneous	11,481	37,199	26,999	19,848	38,852	33,113	15,768	13,197	31,414	29,907
State Sources	2,771,661	3,112,278	3,237,397	3,496,803	3,760,131	3,859,099	4,056,656	4,535,808	4,273,670	3,970,285
Federal Sources	210,364	273,960	381,096	402,973	475,528	526,684	597,083	506,533	615,693	1,428,489
<b>Total Revenue</b>	<b>8,061,661</b>	<b>8,621,587</b>	<b>8,983,362</b>	<b>9,620,584</b>	<b>10,478,308</b>	<b>11,183,415</b>	<b>11,709,435</b>	<b>12,423,269</b>	<b>12,611,472</b>	<b>13,173,691</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	2,865,156	3,253,100	3,518,808	3,496,344	3,577,617	3,376,057	3,533,608	3,780,506	3,867,253	4,170,853
Special Education Instruction	523,743	554,704	578,720	552,225	648,211	955,058	1,071,499	1,068,552	1,271,741	1,608,454
Other Special Instruction	104,306	176,360	187,358	193,505	203,132	196,373	206,620	228,663	229,714	
School-Sponsored Instruction	57,594	54,269	64,275	87,139	93,838	90,665	88,112	76,095	90,229	
Other Instruction										278,878
<b>Support Services:</b>										
Tuition	372,483	333,958	422,908	468,957	456,614	433,870	438,090	312,627	298,579	336,734
Student & Instruction Related Services	832,455	921,093	940,291	1,086,374	1,165,961	1,290,100	1,423,203	1,752,575	1,649,468	1,141,857
General Administrative Services	282,209	270,624	295,066	350,399	358,318	367,212	358,658	340,518	317,866	294,779
School Administrative Services	275,166	250,714	327,475	384,903	341,417	330,137	272,042	290,855	274,656	278,908
Central Services and Admin Information Technology					227,488	246,280	260,649	226,713	281,823	
Central Services										168,860
Administrative Information Technology										114,146
Plant Operations And Maintenance	614,002	564,523	672,895	691,678	738,588	790,865	823,824	944,444	871,454	828,328
Pupil Transportation	227,251	154,303	167,331	201,084	239,056	234,422	312,484	211,920	225,591	206,610
Business and Other Support Services	146,798	130,577	158,189	157,204						
Unallocated Benefits	1,004,316	960,902	1,425,225	1,641,792	1,755,394	1,954,811	2,421,753	2,484,031	2,230,237	2,489,236

WHARTON BOARD OF EDUCATION  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenditures: (Cont'd)										
Support Services: (Cont'd)										
Special Schools	\$ 16,372				\$ 1,876					
Transfer to Charter Schools	7,248									
Capital Outlay	162,751	\$ 9,440	\$ 132,432	\$ 159,409	408,091	\$ 483,878	\$ 5,838	\$ 206,096	\$ 452,034	\$ 495,451
Debt Service:										
Principal	336,580	255,000	260,000	290,000	300,000	310,000	360,000	355,000	365,000	380,000
Interest And Other Charges	245,000	323,825	310,580	296,403	281,153	177,201	189,923	185,174	169,611	149,705
<b>Total Expenditures</b>	<b>8,073,430</b>	<b>8,213,392</b>	<b>9,461,553</b>	<b>10,057,416</b>	<b>10,796,754</b>	<b>11,236,929</b>	<b>11,766,303</b>	<b>12,463,769</b>	<b>12,595,256</b>	<b>12,942,799</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ (11,769)	\$ 408,195	\$ (478,191)	\$ (436,832)	\$ (318,446)	\$ (53,514)	\$ (56,868)	\$ (40,500)	\$ 16,216	\$ 230,892
Debt Service as a Percentage of Noncapital Expenditures	7.35%	7.06%	6.12%	5.92%	5.59%	4.53%	4.68%	4.41%	4.40%	4.26%

Note: Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005.  
Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

Source: Borough of Wharton School District Financial Reports.

Exhibit J-5

WHARTON BOARD OF EDUCATION  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED  
 (Modified Accrual Basis of Accounting)

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Transportation	Refunds	Other Misc.	Total
2001	\$ 40,048			\$ 12,877		\$ 26,581
2002	16,495				\$ 41,058	11,884
2003	7,367			32,017	343	5,292
2004	3,053				19,848	15,339
2005	9,555	\$ 6,525		24,759	7,568	8,463
2006	20,311			23,888	1,100	11,454
2007	23,459			9,996	1,071	34,526
2008	13,863	39,781		11,760	1,437	66,841
2009	2,218	213,981	\$ 20,646	12,188	14,439	263,472
2010	43	313,720	8,385	3,024	25,670	350,842

Source: Borough of Wharton School District Financial Reports.

WHARTON BOARD OF EDUCATION  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS  
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2000	7,087,500	228,667,900	149,400	60,380,600	31,331,600	7,594,100	335,211,100	813,833	336,024,933	22,129,900	1.39	358,847,643
2001	5,133,800	228,835,100	149,400	58,136,200	31,668,700	7,594,100	331,517,300	782,407	332,299,707	24,248,300	1.53	384,161,511
2002	5,032,700	228,172,900	149,400	57,780,000	30,456,700	18,934,200	340,525,900	735,955	341,261,855	24,248,300	1.54	431,893,534
2003	4,929,400	229,727,600	149,400	57,765,200	30,456,700	21,322,300	344,350,600	685,052	345,035,652	23,962,500	1.60	476,370,282
2004	2,842,800	231,320,000	149,400	57,718,300	32,289,400	21,322,300	345,642,200	581,706	346,223,906	25,968,900	1.72	547,694,688
2005	3,882,000	235,364,400	149,400	57,911,700	28,603,100	21,322,300	347,232,900	497,862	347,730,762	25,906,500	1.86	616,147,598
2006	3,949,500	235,960,300	149,400	57,911,700	28,603,100	20,922,300	347,496,300	425,268	347,921,568	25,906,500	1.98	700,086,600
2007	5,165,300	233,507,500	149,400	38,138,900	53,739,800	20,922,300	351,623,200	389,636	352,012,836	24,823,900	2.04	810,504,523
2008*	17,248,900	567,671,400	707,100	102,222,100	126,740,600	28,526,200	843,116,300	1,164,475	844,280,775	68,002,200	0.88	875,685,946
2009	16,610,600	568,140,100	707,100	103,002,400	126,740,600	28,526,200	843,727,000	-	843,727,000	67,736,000	0.88	863,774,131

\*Revaluation

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

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.

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

<sup>b</sup> Tax rates are per \$100 of assessed value.

WHARTON BOARD OF EDUCATION  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
UNAUDITED  
*(Rate per \$100 of Assessed Value)*

Year Ended December 31,	Wharton Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate		Total Direct	Borough			
	Basic Rate <sup>a</sup>	Obligation Debt <sup>b</sup>		Regional School	of Wharton	Morris County	
2000	\$ 1.31	\$ 0.08	\$ 1.39	\$ 0.61	\$ 0.61	\$ 0.34	\$ 2.94
2001	1.43	0.10	1.53	0.65	0.61	0.35	3.15
2002	1.42	0.12	1.54	0.66	0.64	0.37	3.21
2003	1.48	0.12	1.60	0.71	0.70	0.40	3.41
2004	1.60	0.12	1.72	0.84	0.73	0.45	3.74
2005	1.75	0.11	1.86	0.96	0.81	0.48	4.10
2006	1.88	0.10	1.98	1.00	0.85	0.50	4.33
2007	1.94	0.10	2.04	1.13	0.92	0.55	4.64
2008	<sup>^</sup> 0.83	<sup>^</sup> 0.04	<sup>^</sup> 0.88	<sup>^</sup> 0.52	<sup>^</sup> 0.34	<sup>^</sup> 0.24	<sup>^</sup> 1.98
2009	0.79	0.09	0.88	0.537	0.356	0.231	2.01

<sup>^</sup> - Revaluation of property was effective.

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.

<sup>a</sup> The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

<sup>b</sup> Rates for debt service are based on each year's requirements.

Source: Borough of Wharton Tax Collector and School Business Administrator.

WHARTON BOARD OF EDUCATION  
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
TA Wharton LLC	\$ 59,267,700	7.02%	Not Available		
The Realty Associates Fund VIII LP	37,223,900	4.41%			
Glass Paramus	19,433,900	2.30%			
Costco Wholesale Corp	17,842,300	2.11%			
CCKK, LLC	11,615,400	1.38%			
Bayview Gardens	8,700,000	1.03%			
Wharton Mall	8,273,700	0.98%			
Brentwood Associates	6,528,500	0.77%			
Wharton Apartments	4,000,000	0.47%			
Waltann Greenbrook, LLC	3,863,700	0.46%			
<b>Total</b>	<b>\$ 176,749,100</b>	<b>20.95%</b>	<b>Total</b>	<b>\$ -</b>	<b>0.00%</b>

Source: Borough of Wharton Tax Assessor.

WHARTON BOARD OF EDUCATION  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal</u> <u>Year of the Levy <sup>a</sup></u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2001	5,004,202	5,004,202	100.00%	-0-
2002	5,177,779	5,177,779	100.00%	-0-
2003	5,324,912	5,324,912	100.00%	-0-
2004	5,697,907	5,697,907	100.00%	-0-
2005	6,194,242	6,194,242	100.00%	-0-
2006	6,744,208	6,744,208	100.00%	-0-
2007	7,016,469	7,016,469	100.00%	-0-
2008	7,314,087	7,314,087	100.00%	-0-
2009	7,453,850	7,453,850	100.00%	-0-
2010	7,422,862	7,422,862	100.00%	-0-

<sup>a</sup> 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.

Source: Wharton Borough School District's records including the Certificate and Report of School Taxes (Form A4F).

WHARTON BOARD OF EDUCATION  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	<u>Governmental Activities</u>				Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Loans Payable	Capital Leases				
2001	\$ 6,297,000	-0-	\$ 30,894	\$ 6,327,894	1.79%	\$ 1,005.86	
2002	6,042,000	-0-	17,868	6,059,868	1.72%	973.32	
2003	5,782,000	-0-	105,056	5,887,056	1.68%	947.23	
2004	5,492,000	-0-	128,153	5,620,153	1.59%	908.67	
2005	5,192,000	-0-	101,177	5,293,177	1.41%	858.72	
2006	5,110,000	-0-	72,048	5,182,048	1.34%	845.08	
2007	4,750,000	-0-	42,232	4,792,232	1.15%	788.20	
2008	4,395,000	-0-	58,866	4,453,866	1.03%	734.23	
2009	4,030,000	-0-	54,762	4,084,762	0.94%	674.50	
2010	3,650,000	-0-	40,078	3,690,078	0.85%	608.52	

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

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

WHARTON BOARD OF EDUCATION  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2001	\$ 6,297,000	\$ - 0 -	\$ 6,297,000	1.87%	\$ 1,000.95
2002	6,042,000	- 0 -	6,042,000	1.82%	970.45
2003	5,782,000	- 0 -	5,782,000	1.69%	930.33
2004	5,492,000	- 0 -	5,492,000	1.59%	887.95
2005	5,192,000	- 0 -	5,192,000	1.50%	842.31
2006	5,110,000	- 0 -	5,110,000	1.47%	833.33
2007	4,750,000	- 0 -	4,750,000	1.37%	781.25
2008	4,395,000	- 0 -	4,395,000	1.25%	724.53
2009	4,030,000	- 0 -	4,030,000	0.48%	665.46
2010	3,650,000	- 0 -	3,650,000	0.43%	601.91

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

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

<sup>b</sup> Population data can be found on Exhibit J-14. This ratio is calculated using valuation data for the prior calendar year

WHARTON BOARD OF EDUCATION  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2009  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes:			
Borough of Wharton	\$ 2,171,386	100.00%	\$ 2,171,386
Other Debt			
Morris County General Obligation Debt	255,031,540	0.854%	<u>2,176,746</u>
Subtotal, Overlapping Debt			4,348,132
Borough of Wharton School District Direct Debt			<u>3,650,000</u>
Total Direct And Overlapping Debt			<u>\$ 7,998,132</u>

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 the Borough of Wharton. 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.

<sup>a</sup> 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.

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

WHARTON BOARD OF EDUCATION  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2010

	<u>Wharton</u>
	<u>Borough</u>
Equalized Valuation Basis	
2009	\$ 868,205,432
2008	857,261,108
2007	868,205,432
	\$2,593,671,972
Average Equalized Valuation of Taxable Property	\$ 864,557,324
Debt Limit (3% of Average Equalization Value) <sup>f</sup>	\$ 25,936,720
Net Bonded School Debt as of June 30, 2010	3,650,000
Legal Debt Margin	\$ 22,286,720

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$10,750,728	\$11,588,031	\$12,690,240	\$14,218,241	\$16,154,139	\$18,422,596	\$20,971,183	\$23,574,408	\$25,206,526	\$ 25,936,720
Total Net Debt Applicable to Limit	6,297,000	6,042,000	5,782,000	5,492,000	5,192,000	5,110,000	4,750,000	4,395,000	4,030,000	3,650,000
Legal Debt Margin	\$ 4,453,728	\$ 5,546,031	\$ 6,908,240	\$ 8,726,241	\$ 1,189,195	\$13,312,596	\$16,221,183	\$19,179,408	\$21,176,526	\$ 22,286,720
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	58.57%	52.14%	45.56%	38.63%	32.14%	27.74%	22.65%	18.64%	15.99%	14.07%

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

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

WHARTON BOARD OF EDUCATION  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Year Ended December 31,	Borough Population <sup>a</sup>	Per Capita Personal Income <sup>b</sup>	Borough Personal Income <sup>c</sup>	Borough Unemployment Rate <sup>d</sup>
2000	\$ 6,291	\$ 56,107	\$ 352,969,137	1.40%
2001	6,226	56,673	352,846,098	1.80%
2002	6,215	56,535	351,365,025	2.70%
2003	6,185	57,018	352,656,330	2.70%
2004	6,164	61,101	376,626,564	2.20%
2005	6,132	63,297	388,137,204	7.20%
2006	6,080	68,364	415,653,120	7.50%
2007	6,066	71,300	432,505,800	6.80%
2008	6,056	71,812 *	434,893,472	8.90%
2009	6,064 **	71,812 *	435,467,968	14.80%

\* - Latest Morris County per capita personal income available (2007) was used for calculation purposes.

\*\* - Latest population data available (2008) was used for calculation purposes.

N/A - Information is not available.

Sources:

<sup>a</sup> Population information provided by the NJ Department of Labor and Workforce Development.

<sup>b</sup> Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

<sup>c</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented.

<sup>d</sup> Unemployment data provided by the NJ Department of Labor and Workforce Development.

WHARTON BOARD OF EDUCATION  
PRINCIPAL EMPLOYERS - MORRIS COUNTY  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

2009			2000		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Atlantic Health Systems (Morristown Memorial Hospital)	6,300	2.47%	Information is Not Available		
Picatinny Arsenal	3,575	1.40%			
Novartis Corporation	3,573	1.40%			
St. Clare's Hospital	2,342	0.92%			
Morris County	2,126	0.83%			
ADP	2,019	0.79%			
United Parcel Service	1,941	0.76%			
AT&T	1,500	0.59%			
Honeywell	1,500	0.59%			
Wyndham Worldwide	1,395	0.55%			
Avis Budget Group, Inc.	1,378	0.54%			
BASF Corporation	1,315	0.52%			
Greystone Psychiatric Hospital	1,265	0.50%			
Accenture	1,200	0.47%			
Tiffany & Company	1,200	0.47%			
	<u>32,629</u>	<u>12.80%</u>			
Total Employment *	<u>254,678</u>				

\* - Employment data provided by the NJ Department of Labor and Workforce Development.

Source: Morris County Treasurer's Office.

WHARTON BOARD OF EDUCATION  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>Function/Program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Instruction:										
Regular	47.0	49.0	58.1	60.0	58.5	56.0	54.5	53.5	49.8	43.6
Special Education	11.0	11.0	12.0	11.0	12.5	15.0	14.3	15.6	14.7	18.5
Other Special Education	6.6	6.0	5.2	5.1	9.6	10.3	12.4	17.1	21.9	11.8
Other Instruction	3.2	3.6	3.8	4.5	3.1	3.0	3.0	3.0	4.2	2.4
Support Services:										
Student & Instruction Related Services	10.0	10.0	10.0	10.0	12.0	12.0	11.5	11.5	10.9	9.8
General Administration	4.7	4.7	4.7	4.7	4.7	4.7	2.4	2.4	2.2	2.1
School Administrative Services	4.0	5.0	5.0	4.6	4.0	4.0	4.0	4.0	4.2	4.5
Other Administrative Services	0.7	1.5	1.5	1.5	1.7	1.7	1.0	1.0	1.0	1.0
Central Services	2.4	2.4	2.9	2.6	2.1	2.1	2.0	2.0	1.5	1.7
Administrative Information Technology	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant Operations and Maintenance	4.0	4.0	4.0	4.0	4.7	4.7	4.7	5.4	5.1	4.8
Pupil Transportation									1.0	1.0
Other Support Services	2.2	2.2	3.0	2.9	3.0	3.0	5.9	5.8	5.6	3.4
Food Service	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.0	1.0	1.0
<b>Total</b>	<b>98.0</b>	<b>102.1</b>	<b>112.9</b>	<b>113.6</b>	<b>118.6</b>	<b>119.2</b>	<b>118.4</b>	<b>123.3</b>	<b>124.1</b>	<b>106.6</b>

Source: Borough of Wharton District Personnel Records.

WHARTON BOARD OF EDUCATION  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>b</sup>	Percentage Change	Teaching Staff <sup>c</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>d</sup>	Average Daily Attendance (ADA) <sup>d</sup>	% Change In Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle				
2001	753	7,329,099	9,733	14.25%	68	13.0	8.7	745	694	-1.79%	93.16%
2002	803	7,625,127	9,496	-2.44%	72	13.8	8.3	850	809	14.05%	95.21%
2003	792	8,758,541	11,059	16.46%	74	13.3	7.8	847	814	-0.34%	96.10%
2004	745	9,311,604	12,499	13.02%	80	10.4	7.8	793	756	-6.42%	95.43%
2005	742	9,807,510	13,218	5.75%	76	10.8	7.9	796	754	0.37%	94.82%
2006	729	10,265,850	14,082	6.54%	80	10.0	7.8	773	737	-2.83%	95.30%
2007	702	11,210,542	15,969	13.40%	78	10.6	8.4	751	715	-2.88%	95.24%
2008	723	11,717,499	16,207	1.49%	79	10.9	8.6	788	755	5.00%	95.74%
2009	723	11,608,611	16,056	-0.93%	77	10.4	8.3	785	747	-0.43%	95.13%
2010	803	11,917,643	\$ 14,841	-7.57%	78	12	7.9	804	750	2.45%	93.28%

Note: Enrollment based on annual October District count.

<sup>a</sup> Operating expenditures equal total expenditures less debt service and capital outlay.

<sup>b</sup> Costs per pupil is calculated based upon enrollment and operating expenditures as presented and may not be the same as other cost per pupil calculations.

<sup>c</sup> Teaching staff includes only full-time equivalents of certificated staff.

<sup>d</sup> Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Source: Borough of Wharton School District records.

WHARTON BOARD OF EDUCATION  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b><u>District Buildings</u></b>										
<b><u>Elementary</u></b>										
Marie V. Duffy Elementary (1962)										
Square Feet	35,173	35,173	35,173	35,173	35,173	35,173	35,173	35,173	35,173	35,173
MacKinnon North Wing (1974)										
Square Feet	36,291	36,291	36,291	36,291	36,291	36,291	36,291	36,291	36,291	36,291
Combined Capacity (Students)	617	617	617	617	617	617	617	617	617	617
Combined Enrollment	500	537	525	495	500	478	478	478	478	478
<b><u>Middle</u></b>										
MacKinnon Middle School (2000)										
Square Feet	28,654	28,654	28,654	28,654	28,654	28,654	28,654	28,654	28,654	28,654
Capacity (Students)	259	259	259	259	259	259	259	259	259	259
Enrollment	253	266	267	250	242	251	251	251	213	213
<b><u>Other</u></b>										
Child Study Team Addition (1994)	1,469	1,469	1,469	1,469	1,469	1,469	1,469	1,469	1,469	1,469
Maint. Garage/Recreation Annex(1982)	1,561	1,561	1,561	1,561	1,561	1,561	1,561	1,561	1,561	1,561
<b><u>Number of Schools at June 30, 2010:</u></b>										
Elementary = 1										
Middle = 1										

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

Source: Wharton Board of Education Facilities Office.

WHARTON BOARD OF EDUCATION  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN FISCAL YEARS  
UNAUDITED

Undistributed Expenditures:  
 Required Maintenance for School Facilities\*  
 11-000-261-XXX

School Facilities	Fiscal Year Ended June 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Wharton Public Schools	\$ 70,499	\$ 75,180	\$ 145,171	\$ 111,232	\$ 123,917	\$ 134,386	\$ 139,398	\$ 163,074	\$ 154,356	\$ 137,736

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

Source: Borough of Wharton School District Reports.

INSURANCE SCHEDULE  
JUNE 30, 2010  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund:		
School Package Policy:	\$ 250,000,000	
Building & Personal Property		\$ 500
Inland Marine - Auto Physical Damage		1,000
General Liability including Auto, Employee Benefits	5,000,000	
General Aggregate	50,000,000	Fund Agg.
Fire Damage	2,500,000	
Medical Expenses(excluding students taking part in athletics)	10,000	
Environmental Impairment Liability	1,000,000	10,000
	/25,000,000 Fund Agg.	
Crime Coverage	50,000 Inside/Outside	1,000
Blanket Dishonesty Bond	500,000	1,000
Boiler & Machinery	100,000,000	1,000
Excess Liability (AL/GL)	5,000,000	
School Board Legal Liability	5,000,000/5,000,000	5,000
Excess SLPL	5,000,000/5,000,000	
Workers Compensation - Employer's Liability	No Coverage	
Selective Insurance		
Surety Bonds:		
Treasurer	190,000	
Board Secretary	190,000	
Bollinger Insurance		
Student Accident	Voluntary Coverage Only	

SINGLE AUDIT SECTION



Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
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Newton, NJ 07860  
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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  
Wharton Board of Education  
County of Morris, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Wharton Board of Education in the County of Morris (the "Board") as of, and for the fiscal year ended, June 30, 2010, which collectively comprise the school district's basic financial statements, and have issued our report thereon dated October 30, 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 opinions on the financial statements, but not for the purpose of expressing our 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.

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,

The Honorable President and Members  
of the Board of Education  
Wharton Board of Education  
Page 2

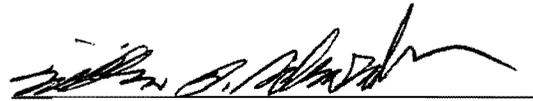
Compliance and Other Matters

and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

October 30, 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  
 Wharton Board of Education  
 County of Morris, New Jersey

Compliance

We have audited the compliance of the Wharton Board of Education in the County of Morris (the "Board") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2010. The Board's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs are 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 and state program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board's compliance with those requirements.

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

The Honorable President and Members  
of the Board of Education  
Wharton Board of Education  
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 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 30, 2010  
Mount Arlington, New Jersey

NISIVOCCIA & COMPANY, LLP



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

WHARTON BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass Through Grantor Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2009					Balance June 30, 2010		
					Deferred Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	Adjustment	Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Agriculture												
Passed-through State Department of Education:												
Child Nutrition Cluster:												
Federal Food Distribution Program	10.550	N/A	7/1/09-6/30/10	\$ 8,376			\$ 8,376	\$ (8,080)			\$ 296	
Federal Food Distribution Program	10.550	N/A	7/1/08-6/30/09	10,172	\$ 1,385			(1,385)				
School Breakfast Program	10.553	N/A	7/1/09-6/30/10	26,747			24,205	(26,747)		\$ (2,542)		
School Breakfast Program	10.553	N/A	7/1/08-6/30/09	20,185	\$ (1,501)		1,501					
National School Lunch Program	10.555	N/A	7/1/09-6/30/10	152,532			138,351	(152,532)		(14,181)		
National School Lunch Program	10.555	N/A	7/1/08-6/30/09	124,609	(9,153)		9,153					
Total U.S. Department of Agriculture					(9,269)		181,586	(188,744)		(16,723)	296	
U.S. Department of Education												
Passed-through State Department of Education:												
General Fund												
American Recovery and Reinvestment Act:												
Equalization Aid - ESF	84.394	10-495-034-5120-071	7/1/09-6/30/10	500,293			500,293	(500,293)				
Equalization Aid - GSF	84.397	10-495-034-5120-071	7/1/09-6/30/10	19,367			19,367	(19,367)				
Total General Fund							519,660	(519,660)				
Special Revenue Fund:												
No Child Left Behind Consolidated Grant:												
Title I	84.010A	NCLB-5770-10	9/1/09-8/31/10	201,965			142,026	(182,220)		(40,194)		
Title I	84.010A	NCLB-5770-09	9/1/08-8/31/09	165,707	(39,000)		39,000	(2,265)		(2,265)		
Title I - ARRA	84.389	NCLB-5770-10	7/1/09-8/31/11	82,725				(12,004)		(12,004)		
Title IIA	84.278A	NCLB-5770-10	9/1/09-8/31/10	28,171			5,949	(12,460)		(6,511)		
Title IIA	84.278A	NCLB-5770-09	9/1/08-8/31/09	27,667	(1,679)			(19,251)		(20,930)		
Title IID	84.318X	NCLB-5770-10	9/1/09-8/31/10	2,053			1,000	(1,000)				
Title IID	84.318X	NCLB-5770-09	9/1/08-8/31/09	1,212	(1,212)		1,062			(150)		
Title III	84.365A	NCLB-5770-10	9/1/09-8/31/10	27,466			13,937	(19,436)		(5,499)		
Title III	84.365A	NCLB-5770-09	9/1/08-8/31/09	23,711	(11,520)		11,520	(8,805)	\$ 123	(8,682)		
Title III	84.365A	NCLB-5770-08	9/1/07-8/31/08	12,966	2,914				14			\$ 2,928
Title IV	84.186A	NCLB-5770-10	9/1/09-8/31/10	3,404			2,837	(3,251)		(414)		
Title IV	84.186A	NCLB-5770-09	9/1/08-8/31/09	2,881	(2,881)					(2,881)		
Special Education Cluster:												
I.D.E.A. Part B, Basic	84.027	IDEA-5770-10	9/1/09-8/31/10	186,808			184,277	(183,803)			474	
I.D.E.A. Part B, Basic	84.027	IDEA-5770-09	9/1/08-8/31/09	196,866	(32,973)		42,368	(13,803)	870	(3,538)		
I.D.E.A. Part B, Preschool	84.173	IDEA-5770-10	9/1/09-8/31/10	8,664			6,864	(6,864)				
I.D.E.A. Part B, Preschool	84.173	IDEA-5770-09	9/1/08-8/31/09	6,989	(45)		2,305	(2,260)				
I.D.E.A. Part B, Basic - ARRA	84.027	IDEA-5770-10	7/1/09-8/31/11	185,587			94,004	(164,458)		(70,454)		
I.D.E.A. Part B, Preschool - ARRA	84.392	IDEA-5770-10	7/1/09-8/31/11	6,683			6,208	(6,683)		(475)		
Impltng. New Curricular Learning w/Universally Designed Education	84.318X		9/1/09-8/31/10	240,000			115,691	(206,509)		(90,818)		
Impltng. New Curricular Learning w/Universally Designed Education	84.318X		9/1/08-8/31/09	224,506	(11,225)		35,249	(24,253)	229			
Total Special Revenue Fund					(97,621)		704,297	(869,325)	1,236	(264,815)	474	2,928
Total U.S. Department of Education					(97,621)		1,223,957	(1,388,985)	1,236	(264,815)	474	2,928

WHARTON BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass Through Grantor Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2009			Budgetary Expenditures	Adjustment	Balance June 30, 2010		
					Deferred Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received			Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Health and Human Services: Medicaid Assistance Program	93.778	N/A	7/1/09-6/30/10	\$ 32,026			\$ 27,559	\$ (32,026)		(4,467)		
Total Federal Financial Awards					<u>\$ (106,890)</u>	<u>\$ -0-</u>	<u>\$ 1,433,102</u>	<u>\$ (1,609,755)</u>	<u>\$ 1,236</u>	<u>\$ (286,005)</u>	<u>\$ 770</u>	<u>\$ 2,928</u>

N/A - Not Available/Applicable

**WHARTON BOARD OF EDUCATION**  
**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 June 30, 2009		Cash Received	Budgetary Expenditures	Balance June 30, 2010			MEMO	
				Deferred Revenue/ (Accounts Receivable)	Due to Grantor			GAAP (Accounts Receivable)	Budgetary Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<b>NJ Department of Education:</b>												
<b>General Fund:</b>												
Equalization Aid	10-495-034-5120-078	7/1/09 - 6/30/10	\$ 2,228,656			\$ 1,953,750	\$(2,228,656)				\$(274,906)	\$ 2,228,656
Equalization Aid	09-495-034-5120-078	7/1/08 - 6/30/09	2,700,921	\$ (266,373)		266,373						2,700,921
Transportation Aid	10-495-034-5120-014	7/1/09 - 6/30/10	40,036			35,098	(40,036)				\$( 4,938)	\$ 40,036
Transportation Aid	09-495-034-5120-014	7/1/08 - 6/30/09	48,602	\$ (4,797)		4,797						48,602
Special Education Aid	10-495-034-5120-011	7/1/09 - 6/30/10	423,113			370,922	(423,113)				(52,191)	423,113
Special Education Aid	09-495-034-5120-011	7/1/08 - 6/30/09	403,141	(39,786)		39,786					(10,574)	403,141
Security Aid	10-495-034-5120-084	7/1/09 - 6/30/10	85,724			75,150	(85,724)					85,724
Security Aid	09-495-034-5120-084	7/1/08 - 6/30/09	137,485	(13,568)		13,568						137,485
Extraordinary Aid	10-100-034-5120-473	7/1/09 - 6/30/10	21,741				(21,741)	\$ (21,741)			(21,741)	21,741
Extraordinary Aid	09-100-034-5120-473	7/1/08 - 6/30/09	15,135	(15,135)		15,135						15,135
Non-Public Transportation Aid	10-495-034-5120-014	7/1/09 - 6/30/10	4,792				(4,792)	(4,792)			(4,792)	4,792
Non-Public Transportation Aid	09-495-034-5120-014	7/1/08 - 6/30/09	5,568	(5,568)		5,568						5,568
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	7/1/09 - 6/30/10	425,559			405,217	(425,559)	(20,342)			(20,342)	425,559
Reimbursed TPAF Social Security Contributions	09-495-034-5095-002	7/1/08 - 6/30/09	405,677	(19,746)		19,746						405,677
<b>Total General Fund State Aid</b>				<b>(364,973)</b>		<b>3,205,110</b>	<b>(3,229,621)</b>	<b>(46,875)</b>			<b>(389,484)</b>	<b>6,946,150</b>
<b>Special Revenue Fund:</b>												
Chapter 192/193		7/1/09 - 6/30/10				1,057					\$ 1,057	
Preschool Education Aid	10-495-034-5120-086	7/1/09 - 6/30/10	230,118			207,106	(225,590)	(18,484)			23,012	230,118
Preschool Education Aid	09-495-034-5120-086	7/1/08 - 6/30/09	224,808	(14,503)		14,503						224,808
<b>Total Special Revenue Fund</b>				<b>(14,503)</b>		<b>222,666</b>	<b>(225,590)</b>	<b>(18,484)</b>			<b>1,057</b>	<b>454,926</b>
<b>Total NJ Department of Education</b>				<b>(379,476)</b>		<b>3,427,776</b>	<b>(3,455,211)</b>	<b>(65,359)</b>			<b>1,057</b>	<b>7,401,076</b>
<b>Enterprise Fund:</b>												
School Breakfast Program	10-100-010-3350-021	7/1/09 - 6/30/10	1,976			1,791	(1,976)	(185)			(185)	1,976
School Breakfast Program	09-100-010-3350-021	7/1/08 - 6/30/09	1,715	(129)		129						1,715
State School Lunch Program	09-100-010-3350-023	7/1/09 - 6/30/10	6,693			6,077	(6,693)	(616)			(616)	6,693
State School Lunch Program	09-100-010-3350-023	7/1/08 - 6/30/09	5,971	(437)		437						5,971
<b>Total Enterprise Fund</b>				<b>(566)</b>		<b>8,434</b>	<b>(8,669)</b>	<b>(801)</b>			<b>(801)</b>	<b>16,355</b>
<b>Debt Service Fund:</b>												
Debt Service Aid Type II	10-100-034-5120-124	7/1/09 - 6/30/10	164,822			164,822	(164,822)					164,822
<b>Total State Awards</b>				<b>\$(380,042)</b>	<b>\$ -0-</b>	<b>\$ 3,601,032</b>	<b>\$(3,628,702)</b>	<b>\$ (66,160)</b>	<b>\$ -0-</b>	<b>\$ 1,057</b>	<b>\$(367,273)</b>	<b>\$ 7,582,253</b>

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

WHARTON BOARD OF EDUCATION  
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 award activity of the Board of Education, Wharton Board of Education. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the schedules of expenditures of federal and state awards.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal and state awards are presented using the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of Federal OMB Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Therefore, some amounts presented in these 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 last state aid payment for the prior year and for the last two payments of the current budget year, which is mandated pursuant to P.L. 2003, C.97. For GAAP purposes, the current year payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year and the final payment for the prior year are recognized in the current year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$18,085) for the general fund and \$3,497 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. The schedule of expenditures of state awards does not include the TPAF Non-Contributory Insurance and Post Retirement Medical contributions paid by the State on behalf of the District of \$18,822 and \$353,496, respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented on the following page.

WHARTON BOARD OF EDUCATION  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 551,686	\$ 3,583,854	\$ 4,135,540
Special Revenue Fund	876,803	221,609	1,098,412
Debt Service Fund		164,822	164,822
Food Service Fund	188,744	8,669	197,413
	<u>\$ 1,617,233</u>	<u>\$ 3,978,954</u>	<u>\$ 5,596,187</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

Wharton Borough School District had no loan balances outstanding at June 30, 2010.

NOTE 6. 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. Revenue and expenditures reported under the Federal Food Distribution Program represent current year value received and current year distributions, respectively.

WHARTON BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Summary of Auditors' Results:

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

	<u>CFDA Number or State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
American Recovery and Reinvestment Act:				
Equalization Aid - ESF	84.394	7/1/09-6/30/10	\$ 500,293	\$ 500,293
Equalization Aid - GSF	84.397	7/1/09-6/30/10	19,367	19,367
I.D.E.A. Part B, Basic	84.027	9/1/09-8/31/10	186,808	183,803
I.D.E.A. Part B, Basic, Carryover	84.027	9/1/08-8/31/10	196,866	13,803
I.D.E.A. Part B, Basic - ARRA	84.391	9/1/09-8/31/11	185,587	164,458
I.D.E.A. Part B, Preschool	84.173	9/1/09-8/31/10	8,664	6,864
I.D.E.A. Part B, Preschool - ARRA	84.392	9/1/09-8/31/11	6,683	6,683
<u>State:</u>				
Equalization Aid	10-495-034-5120-078	7/1/09-6/30/10	\$ 2,228,656	\$ 2,228,656
Special Education Categorical Aid	10-495-034-5120-089	7/1/09-6/30/10	423,113	423,113
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	85,724	85,724

- 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. However, the District did not qualify as a "low-risk" auditee for federal programs under the provisions of section 530 of the federal Circular.

WHARTON BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Summary of Auditors' Results: (Cont'd)

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Status of Prior Year Findings:

There were no prior year audit findings.