

**EAST AMWELL TOWNSHIP**  
**BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

**EAST AMWELL TOWNSHIP BOARD OF EDUCATION  
EAST AMWELL TOWNSHIP, NEW JERSEY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Prepared by**

**EAST AMWELL TOWNSHIP BOARD OF EDUCATION  
DEPARTMENT OF ADMINISTRATION**

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**INTRODUCTORY SECTION**

# BOARD OF EDUCATION EAST AMWELL SCHOOL DISTRICT

Honorable President and Members  
of the East Amwell School District  
Hunterdon County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the East Amwell School District for the Fiscal Year ended June 30, 2011 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. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U. S. Office of Management and Budget Circular A-133, "Audits of State, Local Government, and Non-Profit Organizations," and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

## 1. **REPORTING ENTITY AND ITS SERVICES:**

East Amwell School District is an independent reporting entity within the criteria adopted by the GASB (Governmental Account Standards Board) as established by Statement No. 14. All funds and accounting groups of the District are included in this report. The East Amwell Board of Education and its one school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K-8, including both regular and special education. Enrollment in the integrated preschool program for the 2010-11 school year was 25. Resident enrollment as of June 30, 2011 totaled 487 students.

The following details the changes in student enrollment of the District over the last fifteen years.

<u>FISCAL YEAR</u>	<u>STUDENT ENROLLMENT</u>	<u>% CHANGE</u>
2010-11	487	-2.8%
2009-10	501	+2.7%
2008-09	488	-.2%
2007-08	489	-1.0%
2006-07	494	+1.6%
2005-06	486	+1.0%
2004-05	481	+2.1%
2003-04	471	-2.5%
2002-03	483	+ .02%
2001-02	475	-.01%
2000-01	480	-3.40%
1999-00	497	0%
1998-99	497	+2.30%
1997-98	486	+.02%
1996-97	485	-4.50%

## 2. ECONOMIC CONDITION AND OUTLOOK

East Amwell Township is located in southern Hunterdon County and encompasses 28.7 square miles with 47 miles of roads, including the Rt. 31-202 corridor. The Township has a population of 4,013 persons, as reported in the 2010 Census. East Amwell is rural in character, with the Village of Ringoes as its primary population and business center.

The East Amwell Township Elementary School, located on a 32-acre site with outdoor playground equipment and ball fields, is the only school building. The school was constructed in 1938, with additions in 1950, 1963, 1978, 1988, and 1998. With the K-8 organizational structure, the present facility has a functional capacity of 558 students. Two soccer fields on the school property are shared with the Township Recreation Committee.

The school district is governed by a nine member Board of Education elected by the district to serve alternating three-year terms. As of June 30, 2011 the District employed a Superintendent, Principal, Board Secretary/School Business Administrator, 50 full-time certificated, 5 part-time certificated, 18 full-time non-certificated, and 4 part-time non-certificated staff. Hunterdon Central Regional High School provides transportation for all students, with the exception of some out-of-district placements, which may be provided by the Hunterdon County Education Services Commission.

The future outlook for District financing continues to depend primarily upon the ability and willingness of the Governor and State Legislature to provide funding for education. The availability of tax revenues to the State and its distribution among all

New Jersey School Districts, however, will have a profound impact on the education provided to East Amwell students and to the local property taxes.

### 3. **MAJOR INITIATIVES:**

#### Test Results

Students continue to score above the state mandated tests. The Grade Three New Jersey Assessment of Skills and Knowledge (NJASK3) was administered in May 2011. Total student scores are as follows: 80.7 percent of the students scored proficient or advanced proficient in Language Arts Literacy; 100.0 percent scored proficient or advanced proficient in Mathematics. The Grade Four New Jersey Assessment of Skills and Knowledge (NJASK4) was administered in May 2011. Total student scores are as follows: 80.4 percent of the students scored proficient or advanced proficient in Language Arts Literacy; 78.0 percent scored proficient or advanced proficient in Mathematics. Grade Eight New Jersey Assessment of Skills and Knowledge (NJASK8) was administered in May 2011. Total student scores are as follows: 93.8 percent of the students scored proficient or advanced proficient in Language Arts Literacy; 79.2 percent scored proficient or advanced proficient in Mathematics.

#### Curriculum

During the 2010-11 school year the Enrichment and Speech curriculums have been revised and re-written to align with the New Jersey Core Curriculum Standards.

#### Staff Development

Staff Development activities in the 2010-11 school year included Smart Board Training, Student Formative Assessment, Language Arts Standards, Mathematics Standards, Special Education, Access for ELL, Right-to-Know, and Professional Learning Communities. These activities were conducted in response to staff surveys assessing professional development needs.

#### Synergistics

The Synergistics Learning system is a technology-assisted learning system divided into workstations where pairs of students explore a variety of content areas providing multi-sensory experiences through audio, video, software, text, and hands-on activities. Modules include Career Exploration, Podcasting, CSI (Crime Scene Investigation), Design Challenge, Mechanical Drawing, Film, Photography, Garage Band, Bridge Building, Solar Cars, Flight Technology, and Personal Finance. Synergistics, located in the Technology Lab, provides a well-balanced program for a broad range of student interests as well as an introduction to the applied technology program at Hunterdon Central High School.

### Smart Classrooms

All classrooms are equipped with BrightLink 455Wi Interactive Projector. This high-performance projector + pen combination integrates interactive functionality in one machine, without the constraints or expense of an interactive whiteboard. With ultra-short throw distance, extraordinary size flexibility, and fully-loaded projector technologies, BrightLink redefines a true all-in-one solution able to engage your learning community.

### Moodle

**Modular Object-Oriented Dynamic Learning Environment** is used throughout the school. MOODLE is an Open Source Course Management System that has become very popular among educators around the world as a tool for creating online dynamic web sites for their students, as well as a vehicle of communication with parents and guardians. Some teachers use MOODLE to host their entire class lesson plans, project calendars and notes, while others use it for promoting communication between students, families and teachers, such as posting daily homework assignments. All staff members use MOODLE for communicating homework.

### Library/Media Center

The Library/Media Center is equipped with DESTINY, a complete library automation solution accessible from five networked student/teacher workstations. PC student workstations provide further access to the Internet and resources such as World Book Online, MS Office Suite, and search engines such as EPSCO Host. The regional high school uses the same solution increasing compatibility between resources.

The Computer Lab located in the Media Center consists of 25 flat panel OS10.5 iMac computers. Each computer is networked, internet ready and is imaged with MS Office Suite, The iLife Education package, Desktop Publishing capabilities and educational on-line subscription software. The Computer Lab is also home for the Media Distribution System (SAFARI) as well as the Video Streaming server (MONTAGE). The TV studio is also part of the Computer Lab where morning announcements are broadcasted every morning. The Computer Lab is also the hub for the school's website, email servers and Alert Now school family communication system.

### Network Administration

Hunterdon County ESC provides computer systems analysis/design, remote access support for data servers, and high-level technical support for both PC and Mac platforms. This support is supplemented and coordinated on-site by a part-time District Director and Coordinator. The Three-Year Technology Plan is reviewed and updated annually.

### Student Information System

In January 2005 the District entered into a jointure with Hunterdon Central Regional High School (HCRHS) for student information system services through the MIG SIRS system. Under this agreement HCRHS has purchased and configured the SIRS server, MIG SIRS software, and Citrix software used by the school to access the server via the Internet. On-going services include customizing software for the school's needs, staff training, security, updates, and help desk support. This jointure creates a virtual K-12 model and extends the considerable technical resources of HCRHS to the District at an annual cost of \$20 per student.

### Long Range Facilities Plan

The 2005 Long Range Facilities Plan included enrollment projections that verified the existing functional capacity of 558 and classified the facility "In Good Condition." The plan, which continues to coincide with the District's needs is due for updating 2013.

## **4. INTERNAL ACCOUNT CONTROLS:**

Management of the District is responsible for establishing and maintaining an internal control structure 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 structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

## **5. BUDGETARY CONTROLS:**

In addition to internal account controls, the District maintains budgetary control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund,

and the debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2011.

#### 6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Account Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.

#### 7. FINANCIAL INFORMATION AT FISCAL YEAR-END:

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund and Special Revenue Fund revenues for the fiscal year ended June 30, 2011 and the amount and percentage of increases in relation to prior year revenues.

REVENUE	AMOUNT	Percentage of Total	INC (DEC) FROM Prior Year	Percentage Increase Decrease
LOCAL SOURCES:				
Tax Levy:				
General	\$6,271,835	84.52%	\$165,713	2.71%
Debt Service	215,512	2.90%	(438)	-.20%
Other Revenues	267,901	3.61%	9,745	3.77%
STATE AID	518,625	6.99%	(220,263)	-29.81%
FEDERAL AID	<u>147,060</u>	<u>1.98%</u>	<u>(123,251)</u>	-45.60%
TOTAL	<u>\$7,420,933</u>	<u>100.00%</u>	<u>\$168,494</u>	-2.22%

The following schedule presents a summary of General Fund and Special Revenue Fund expenditures for the fiscal year ended June 30, 2011 and the percentage of increases and decreases in relation to the prior year amounts.

<b>EXPENDITURES</b>	<b>AMOUNT</b>	<b>Percentage Of Total</b>	<b>INC (DEC) From Prior Year</b>	<b>Percentage of Increase (Decrease)</b>
Current Expense	\$6,856,265	93.90%	(60,765)	-0.88%
Capital Outlay	32,558	.45%	(10,019)	-23.53%
Special Projects	197,096	2.70%	(75,186)	-27.61%
Debt Service				
Principal	155,000	2.12%	5,000	3.33%
Interest	<u>60,512</u>	<u>.83%</u>	<u>5,438</u>	<u>-8.25%</u>
Total	<u>\$7,301,431</u>	<u>100.00%</u>	<u>\$146,408</u>	<u>-1.97%</u>

Notes: Excludes "on behalf" payments, lease purchase acquisitions and Capital Projects.

#### **8. DEBT ADMINISTRATION:**

The district issued bank qualified (callable) 20-year bonds totaling \$2,745,000 aggregate principal in January, 1998 at the per annum interest rate of 4.90%. Principal payment dates began January 15, 1999 and interest payment dates began in July. In April 2007, the balance of the bonds of \$1,885,000 was refinanced resulting in an aggregate budgetary savings of \$71,917.92. Principal payment dates continue each January 15 until maturity on January 15, 2018 or earlier redemption. Interest payment dates continue each January 15 and July 15 until maturity on January 15, 2018 or earlier redemption.

#### **9. CASH MANAGEMENT:**

The investment policy of the District is guided in large part by State statute as detailed in "Notes to the Financial Statements," Notes 1 and 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.

**10. 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.

**11. OTHER INFORMATION:**Independent Audit

State statute requires an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of William M. Colantano, Jr., CPA, PSA, RMA was selected by the Board of Education. 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 of 1984 and the related OMB Circular A-133 and New Jersey OMB's Circular 04-04. The auditor's report on the general purpose financial statements and combined and individual fund statements schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

**12. ACKNOWLEDGEMENTS:**

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

Respectfully submitted,

Edward F. Stoloski  
Superintendent

Judy Holladay  
SBA/Board Secretary

**10. 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.

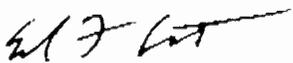
**11. OTHER INFORMATION:**Independent Audit

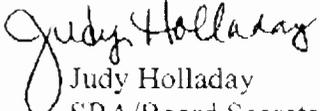
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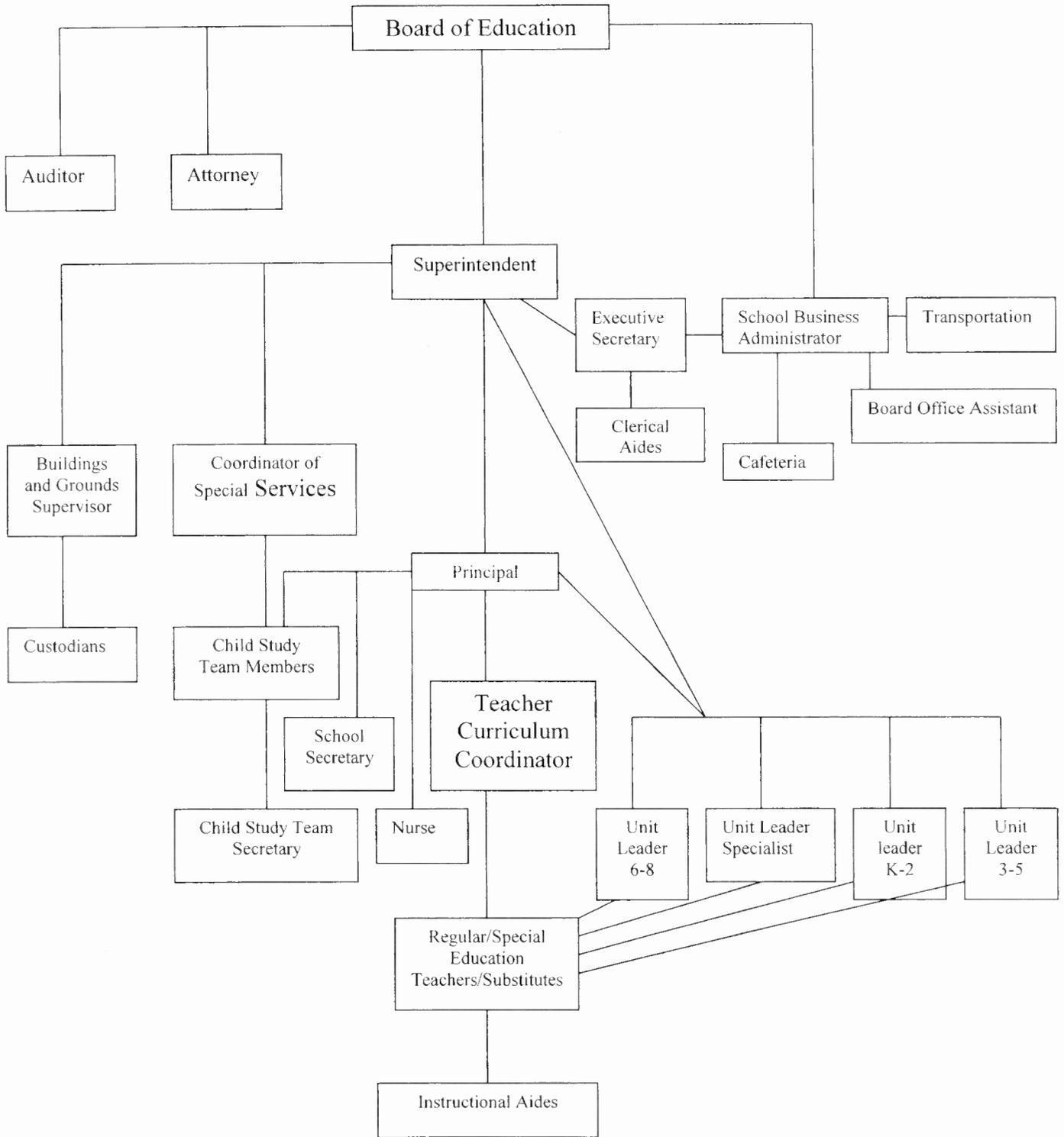
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Respectfully submitted,

  
Edward F. Stoloski  
Superintendent

  
Judy Holladay  
SBA/Board Secretary

### 1110 ORGANIZATIONAL CHART



EAST AMWELL TOWNSHIP BOARD OF EDUCATION  
 43 WERTSVILLE RD., PO BOX A  
 RINGOES, NJ 08551  
 JUNE 30, 2011

**ROSTER OF OFFICIALS**

<b><u>Members of the Board of Education</u></b>		<b><u>Term Expires</u></b>
Charles Miles Jr.	President	2013
Ann Kenyon	Vice President	2012
George A. Marturano		2013
Charles Miller.		2013
Jennifer Bausmith	(To 06/14/11)	2012
Stephanie Ciarrocca		2012
Kimberly Willard	(From 06/14/11)	2012
Carole Amman		2014
John Bedard		2014
David Connelly		2014
<b><u>Other Officials</u></b>		
Edward Stoloski	Superintendent	
Judith Holladay	Interim Board Secretary/ School Business Administrator	

EAST AMWELL TOWNSHIP BOARD OF EDUCATION  
JUNE 30, 2011

**CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

William M. Colantano, Jr.  
Certified Public Accountant  
100 Route 31 North  
Washington, NJ 07882-1530

**ATTORNEY**

Fogarty & Hara  
Counselors at Law  
16-00 Route 208 South  
Fair Lawn, NJ 07410

**OFFICIAL DEPOSITORY**

Hopewell Valley Bank

**FINANCIAL SECTION**

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

100 Route 31 North  
Washington, NJ 07882 - 1530  
Fax # (908) 689-8388  
(908) 689-5002

## INDEPENDENT AUDITOR'S REPORT

October 7, 2011

Honorable President and  
Members of the Board of Education  
East Amwell Township School District  
County of Hunterdon, 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 East Amwell Township School District in the County of Hunterdon, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the East Amwell Township Board of Education management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 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 opinion.

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 East Amwell Township Board of Education in the County of Hunterdon, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable 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 a report dated October 7, 2011 on our consideration of the East Amwell Township 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 Management Discussion and Analysis and Budgetary Comparison Information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the East Amwell Township Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information, such as, the combining and individual fund financial statements, long-term debt schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules 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 tables 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.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by US Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid" and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



William M. Colantano, Jr.  
Public School Accountant  
No. CS 0128

REQUIRED SUPPLEMENTARY INFORMATION-PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED

The discussion and analysis of East Amwell Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2011 are as follows:

- In total, net assets increased \$168,962, which represents a 7.81 percent increase from 2010.
- General revenues accounted for \$7,597,463 in revenue or 93.71 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for or \$509,389 or 6.29 percent to total revenues of \$8,106,852. Due to the sharing of services of the Child Study Team and Superintendent with the Milford Board of Education, the District experienced a savings of approximately \$71,000. Additionally, the District received unanticipated tuition students. Due to the recycling efforts of a dedicated teacher and the Environmental Club, the District was awarded a \$50,000 grant from TerraCycle. Funds will be used toward technology, new bleachers, recreational equipment, and environmental/recycling supplies.
- Total assets of governmental activities increased by \$40,924 as cash and cash equivalents increased by \$136,513, receivables and other assets decreased by \$12,121 and capital assets decreased by \$83,468.
- The School District had \$7,937,890 in expenses; only \$509,389 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$7,597,463 were adequate to provide for these programs.

Among major funds, the General Fund had \$7,567,777 in revenues and \$7,371,214 in expenditures and transfers of \$209,000 to other funds. The General Fund's balance decreased \$12,437 from 2010. This decrease was anticipated by the Board of Education. It is a result of additional operating revenues and unexpended budget appropriations and the transfer to the Capital Projects Fund. A transfer of \$75,000 was made to Maintenance Reserve. A deposit of \$75,000 was made to the capital reserve account for future projects. During the year \$168,000 was set aside for the

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED

local share of the roof project. At year end, the balance of the capital reserve account was \$119,407.

**Using this Generally Accepted Accounting Principals Report (GAAP)**

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

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole school district, presenting both an aggregate view of the school district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the school district's most significant funds with all other non-major funds presented in total in one column. In the case of East Amwell Township school district, the General Fund is by far the most significant fund.

**Reporting the School District as a Whole**

While this document contains several funds used by the School District to provide programs and activities, the view of the school district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the school district's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the school district as a whole, the financial position of the school district has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. No-financial factors include the school district's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the school district reports governmental activities. Governmental activities are the activities where most of the school district's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities. The school district does not have any business-like activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
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## **Reporting the School District's Most Significant Funds**

### **Fund Financial Statements**

Fund financial reports provide detailed information about the school district's major funds. The school district uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the school district's most significant funds. The school district's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

### **Governmental Funds**

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

### **The School District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the school district as a whole.

Table 1 provides a summary of the school district's net assets for 2011 compared to 2010.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
EAST AMWELL TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
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**TABLE 1**  
**Net Assets**

	6/30/2011	6/30/2010	Variance	
			Dollars	Percent
<b>ASSETS</b>				
Current & Other Assets	\$1,098,268	\$ 973,865	\$124,403	12.77%
Capital Assets	3,014,038	3,097,506	(83,468)	- 2.69%
Total Assets	4,112,306	4,071,371	40,935	1.01%
<b>LIABILITIES</b>				
Long-term Liabilities	1,635,606	1,756,257	(120,651)	- 6.87%
Other Liabilities	143,106	150,482	(7,376)	- 4.90%
Total Liabilities	1,778,712	1,906,739	(128,027)	- 6.71%
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	1,712,902	1,630,478	82,424	5.06%
Restricted	445,477	316,516	128,961	40.74%
Unrestricted	175,215	217,638	(42,423)	-19.49%
Total Net Assets	\$2,333,594	\$2,164,632	\$168,962	7.81%

Total assets increased \$40,935. Cash and cash equivalents increased by \$106,247, receivables and other assets increased by \$18,156 and capital assets decreased by \$83,468. Unrestricted net assets, the part of net assets that can be used to finance day-to-day activities without constraints established by grants or legal requirements, of the school district decreased by \$42,423 due to transfers to restricted assets.

Table 2 shows the changes in net assets from fiscal year 2010.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
EAST AMWELL TOWNSHIP

10.4

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
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**TABLE 2**  
**Changes in Net Assets**

	6/30/11	6/30/10	Variance	
			Dollars	Percent
<b>REVENUES</b>				
Program Revenues:				
Charges for Services	\$ 282,293	\$ 331,756	\$ (49,463)	-14.91%
Operating Grants & Cont	227,096	302,954	(75,858)	-25.04%
General Revenues:				
Property taxes	6,487,347	6,322,072	165,275	2.61%
Unrestricted Grants	1,078,042	1,248,081	(170,039)	-13.62%
Other (net)	32,074	34,286	2,212)	-6.45%
Total Revenues	<u>8,106,852</u>	<u>8,239,149</u>	<u>(132,297)</u>	-1.61%
<b>PROGRAM EXPENSES</b>				
Instruction:				
Regular	3,533,207	3,599,630	(66,423)	-1.85%
Special	1,181,852	1,209,635	(27,783)	-2.30%
Other	77,259	78,198	(939)	-1.20%
Support Services:				
Tuition	68,876	43,250	25,626	59.25%
Student and Inst Staff	945,907	971,995	(26,088)	-2.68%
General Adm, Bus Adm	573,240	560,355	12,885	2.30%
School Administration	242,512	223,234	19,278	8.64%
Maintenance	692,903	682,359	10,544	1.55%
Transportation	420,495	437,161	(16,666)	-3.81%
Food Services	142,249	164,944	(22,695)	-13.76%
Interest on Long Term Debt	<u>59,390</u>	<u>65,403</u>	<u>(6,013)</u>	-9.19%
Total Expenses	<u>7,937,890</u>	<u>8,036,164</u>	<u>(98,274)</u>	-1.22%
Increase (Dec) in Net Assets	\$ <u>168,962</u>	\$ <u>202,985</u>	\$ <u>(34,023)</u>	-16.76%

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
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**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the school district operations. Property taxes made up 81.29 percent of revenues for governmental activities for the East Amwell School district for fiscal year 2011.

Instruction comprises 60.37 percent of district expenses. Support services expenses make up 38.87 percent of the expenses. The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlements.

**TABLE 3**  
**Cost of Government Services**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<u>6/30/2011</u>	<u>6/30/2010</u>	<u>6/30/2011</u>	<u>6/30/2010</u>
Instruction	\$ 4,792,318	\$4,887,463	\$ 4,486,614	\$4,541,802
Support Services:				
Tuition	68,876	43,250	68,876	4,000
Student & Inst. Staff	945,907	971,995	901,173	892,762
Gen & Bus Admin	573,240	560,355	546,080	533,598
School Admin	242,512	223,234	242,512	223,234
Plant Oper & Mtn	692,903	682,359	687,853	677,009
Pupil Transportation	420,495	437,161	420,090	437,161
Food Services	142,249	164,944	15,913	26,485
Interest on Long Term Debt	<u>59,390</u>	<u>65,403</u>	<u>59,390</u>	<u>65,403</u>
<b>Total Expenses</b>	<u>\$ 7,937,890</u>	<u>\$8,036,164</u>	<u>\$ 7,428,501</u>	<u>\$7,401,454</u>

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

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
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Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

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

Extracurricular activities include expenses related to student activities provided by the school district which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the school district.

The dependence upon tax revenues is apparent. For all activities general revenue support is 93.71 percent. The community, as a whole, is the primary support for the East Amwell Township School District.

### **The School District's Funds**

Information about the school district's major funds starts in the section entitled fund financial statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$7,980,385 and expenditures of \$7,805,752. The net positive change in fund balance for the year was most significant in the Capital Projects Fund, an increase of \$146,070.

### **General Fund Budgeting Highlights**

The School district's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the fiscal 2011 year, the school district amended its General Fund budget as needed. The school district uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources were \$121,284 over original budgeted estimates of \$6,887,040. The difference can be attributed to excess tuition

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
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revenue for special needs students brought into the district, additional Pre-K parent paid tuition, unanticipated extraordinary aide and other miscellaneous unanticipated revenues.

The cafeteria service is currently managed by a food service company. Due to the retirement of a second board paid position, the subsidy required from the Board was significantly lower this year. One position is still a Board paid position with full benefits. Participation level increased slightly; therefore, the Board subsidy to the cafeteria totaled \$16,000 for the school year.

**Capital Assets**

At the end of the fiscal year 2011 the school district had \$3,014,038 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2011 balances compared to 2010.

**TABLE 4**  
**Capital Assets (Net of Depreciation) at June 30,**

	<u>2011</u>	<u>2010</u>	<b>Variance</b>	
			<u>Dollars</u>	<u>Percent</u>
Land	\$ 462,026	\$ 462,026	\$ -	0.00%
Land Improvements	76,994	83,096	(6,102)	-7.34%
Bldgs and Improvements	2,375,259	2,476,840	(101,581)	-4.10%
Machinery and Equipment	50,189	59,354	(9,165)	-15.44%
Construction in Progress	<u>49,570</u>	<u>16,190</u>	<u>33,380</u>	206.18%
Totals	<u>\$ 3,014,038</u>	<u>\$3,097,506</u>	<u>\$ (83,468)</u>	-2.69%

Overall capital assets decreased \$83,468 from fiscal year 2010 to fiscal year 2011. Increases in capital assets (construction in progress), were offset by depreciation expenses for the year.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
EAST AMWELL TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED

**Debt Administration**

At June 30, 2011, the school district had \$1,601,686 as outstanding debt. Of this amount \$300,550 is for compensated absences, \$11,136 for fire system lease purchase, and the balance \$1,290,000 for bonds for school construction.

At June 30, 2011, the school district's overall legal debt margin was \$24,486,256 and the unvoted debt margin was \$23,196,256.

**TABLE 5**  
**Outstanding Debt at Year End**

	<u>6/30/11</u>	<u>6/30/12</u>	<b>Variance</b>	
			<u>Dollars</u>	<u>Percent</u>
2007 Refunding Bonds,	\$1,290,000	\$1,445,000	(155,000)	-10.73%
(1998 General Obligation Bonds)	\$1,290,000	\$1,445,000	(155,000)	-10.73%

**For the Future**

The East Amwell Township School District is in very good financial condition. Major concerns, however, continue to be the increased reliance on local property taxes and increasing costs for special education students.

East Amwell Township has successfully passed their school budget vote in eight of the last nine elections. East Amwell Township is primarily a residential community, with very few ratables. The financial burden, therefore, is focused on homeowners.

In conclusion, the East Amwell Township School District has committed itself to financial excellence for many years. In addition, the school district's system for financial planning, budgeting and internal financial controls are well regarded. The school district plans to continue its sound fiscal management to meet the challenge of the future.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the school district's finances and to show the school district's accountability for the money it receives. If you have questions about this report or need additional information, contact Judy Holladay, School Business Administrator/Board Secretary at East Amwell Township Board of Education, 43 Wertsville Road, Ringoes, NJ 08827 or email at [jholladay@eastamwell.org](mailto:jholladay@eastamwell.org).

**BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2011

	Govern- mental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Cash & Cash Equivalents	\$ 407,842	\$ 35,544	\$ 443,386
Receivables, Net	164,773	4,623	169,396
Internal Balances	38,790	(38,790)	
Inventory		1,401	1,401
Bond Issuance Costs, Net	38,608		38,608
Restricted Assets:			
Capital Reserve Account-Cash	119,407		119,407
Emergency Reserve Account-Cash	75,000		75,000
Maintenance Reserve Account-Cash	105,000		105,000
Capital Project Fund-Cash	146,070		146,070
Capital Assets, Net (Note 4)	3,014,038		3,014,038
Total Assets	<u>4,109,528</u>	<u>2,778</u>	<u>4,112,306</u>
<b>LIABILITIES</b>			
Accounts Payable	19,648		19,648
Accrued Interest	25,365		25,365
Deferred Revenue	97,305	788	98,093
Long-Term Liabilities (Note 5):			
Due Within One Year	175,376		175,376
Due Beyond One Year	1,159,680		1,159,680
Compensated Absences Payable	300,550		300,550
Total Liabilities	<u>1,777,924</u>	<u>788</u>	<u>1,778,712</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	1,712,902		1,712,902
Restricted For:			
Capital Reserve	119,407		119,407
Emergency Reserve	75,000		75,000
Maintenance Reserve	105,000		105,000
Capital Project	146,070		146,070
Unrestricted	<u>173,225</u>	<u>1,990</u>	<u>175,215</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 2,331,604</u>	<u>\$ 1,990</u>	<u>\$ 2,333,594</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Assets		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Types Activities	Total
Government Activities:								
Instruction:								
Regular	\$ 2,599,881	\$ 933,326	\$ 84,130	\$ 74,102		\$ (3,374,975)		\$ (3,374,975)
Special Education	802,240	247,520	42,052	97,305		(910,403)		(910,403)
Other Special Education	92,569	39,523		8,115		(123,977)		(123,977)
Other Instruction	75,481	1,778				(77,259)		(77,259)
Support Services:								
Tuition	68,876					(68,876)		(68,876)
Students & Instruction Related Services	706,964	238,943	27,160	17,574		(901,173)		(901,173)
General & Business Administrative Services	428,959	144,281	27,160			(546,080)		(546,080)
School Administrative Services	154,046	88,466				(242,512)		(242,512)
Plant Operations & Maintenance	580,468	112,435	5,050			(687,853)		(687,853)
Pupil Transportation	420,495		405			(420,090)		(420,090)
Interest on Long-Term Debt	59,390					(59,390)		(59,390)
Total Government Activities	5,989,369	1,806,272	185,957	197,096	\$ -	(7,412,588)	\$ -	(7,412,588)
Business-Type Activities:								
Food Service	142,249		96,336	30,000			(15,913)	(15,913)
Total Primary Government	\$ 6,131,618	\$ 1,806,272	\$ 282,293	\$ 227,096	\$ -	(7,412,588)	(15,913)	(7,428,501)
			General Revenues					
						6,271,835		6,271,835
						215,512		215,512
						1,078,042		1,078,042
						6,775	131	6,906
						25,168		25,168
						(16,000)	16,000	
						7,581,332	16,131	7,597,463
						168,744	218	168,962
						2,162,860	1,772	2,164,632
						\$ 2,331,604	\$ 1,990	\$ 2,333,594

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

## **FUND FINANCIAL STATEMENTS**

The individual fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Govern- mental Funds
<b>ASSETS</b>					
Cash & Cash Equivalents	\$ 406,178		\$ 1,664		\$ 407,842
Receivables from Other Governments:					
State	54,304				54,304
Federal		\$ 96,909			96,909
Interfund Receivable	45,667				45,667
Other Receivables	13,560				13,560
Restricted Cash & Equivalents	299,407		146,070		445,477
<b>TOTAL ASSETS</b>	<u>\$ 819,116</u>	<u>\$ 96,909</u>	<u>\$ 147,734</u>	<u>\$ -</u>	<u>\$ 1,063,759</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 17,984		\$ 1,664		\$ 19,648
Interfund Payable	183	\$ 6,694			6,877
Deferred Revenue	7,090	90,215			97,305
<b>Total Liabilities</b>	<u>25,257</u>	<u>96,909</u>	<u>\$ 1,664.00</u>	<u>\$ -</u>	<u>123,830</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011  
(Continued)

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Govern- mental Funds
<b>LIABILITIES AND FUND BALANCES (Cont'd)</b>					
Fund Balances:					
Restricted Fund Balance:					
Capital Reserve Account	\$ 119,407				\$ 119,407
Emergency Reserve Account	75,000				75,000
Maintenance Reserve Account	105,000				105,000
Excess Surplus-Designated for Subsequent Year's Expenditures	206,925				206,925
Designated for Subsequent Year's Expenditures			\$ 146,070		146,070
Committed Fund Balance:					
Year-end Encumbrances	39,655				39,655
Assigned Fund Balance-Designated for Subsequent Year's Expenditures	4,651				4,651
Unassigned Fund Balance	243,221				243,221
<b>Total Fund Balances</b>	<u>793,859</u>	<u>\$ -</u>	<u>146,070</u>	<u>\$ -</u>	<u>939,929</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 819,116</u>	<u>\$ 96,909</u>	<u>\$ 147,734</u>	<u>\$ -</u>	

Amounts Reported for Governmental Activities in the Statement of Net Assets

(A-1) are Different Because:

Capital assets used in government activities are not financial resources & therefore are not reported in the funds. The cost of the assets is and the accumulated depreciation is

\$ 6,495,491  
3,481,453

3,014,038

Long-term liabilities, including bonds payable, are not due & payable in the current period & therefore are not reported as liabilities in the funds

(1,635,606)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due

(25,365)

Bond issuance costs are reported as expenditures in the governmental funds. The cost is and the accumulated amortization is

58,913  
20,305

38,608

Total Net Assets of Governmental Activities

\$ 2,331,604

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 6,271,835			\$ 215,512	\$ 6,487,347
Tuition Charges-Individuals	84,130				84,130
Tuition Charges-Other LEAs	42,052				42,052
Interest on Investments	6,775				6,775
Miscellaneous	84,943	\$ 12,270			97,213
<b>Total</b>	<b>6,489,735</b>	<b>12,270</b>	<b>\$ -</b>	<b>215,512</b>	<b>6,717,517</b>
State Sources	1,078,042	36			1,078,078
Federal Sources		184,790			184,790
<b>Total Revenues</b>	<b>7,567,777</b>	<b>197,096</b>	<b>-</b>	<b>215,512</b>	<b>7,980,385</b>
<b>EXPENDITURES</b>					
Current :					
Instructional:					
Regular Instruction	2,525,779	74,102			2,599,881
Special Education Instruction	704,935	97,305			802,240
Other Special Instruction	84,454	8,115			92,569
Other Instruction	75,481				75,481
Support Service & Undistributed Costs:					
Tuition	68,876				68,876
Student & Instruction Related Services	689,390	17,574			706,964
General & Business Administrative Services	428,959				428,959
School Administrative Services	154,046				154,046
Plant Operations & Maintenance	571,298				571,298
Pupil Transportation	420,495				420,495
Unallocated Benefits	1,614,943				1,614,943

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
EXPENDITURES (Cont'd)					
Capital Outlay	\$ 32,558		\$ 21,930		\$ 54,488
Debt Service:					
Principal				\$ 155,000	155,000
Interest & Other Charges				60,512	60,512
Total Expenditures	<u>7,371,214</u>	<u>\$ 197,096</u>	<u>21,930</u>	<u>215,512</u>	<u>7,805,752</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>196,563</u>	<u>-</u>	<u>(21,930)</u>	<u>-</u>	<u>174,633</u>
Other Financing Sources (Uses):					
Operating Transfers In (Out)	<u>(209,000)</u>		<u>168,000</u>		<u>(41,000)</u>
Total Other Financing Sources (Uses)	<u>(209,000)</u>	<u>-</u>	<u>168,000</u>	<u>-</u>	<u>(41,000)</u>
Net Change in Fund Balance	(12,437)	-	146,070	-	133,633
Fund Balances, July 1	<u>806,296</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>806,296</u>
Fund Balances, June 30	<u>\$ 793,859</u>	<u>\$ -</u>	<u>\$ 146,070</u>	<u>\$ -</u>	<u>\$ 939,929</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Total Net Changes in Fund Balances-Governmental Fund (from B-2)	\$	133,633
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 expenses. This is the amount by which depreciation exceeds capital outlays in the period:		
Capital Outlays	\$ 33,380	
Depreciation Expense	<u>(116,848)</u>	(83,468)
Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and are not reported in the statement of activities:		
Bond Principal Payments	155,000	
Capital Lease Payments	<u>10,892</u>	165,892
In the statement of activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.		
		2,754
Governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred & amortized in the statement of activities:		
Amortization of Bond Premium	4,240	
Amortization of Bond Issuance Costs	<u>(4,826)</u>	(586)
In the statement of activities, compensated absences & early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.		
		<u>(49,481)</u>
Change in Net Assets of Governmental Activities	\$	<u><u>168,744</u></u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2011

	Food Service Fund
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 35,544
Receivables from Other Governments:	
State	389
Federal	4,234
Interfund Receivable	183
Inventory	1,401
Total Current Assets	41,751
Noncurrent Assets:	
Capital Assets	16,719
Less: Accumulated Depreciation	(16,719)
Total Noncurrent Assets	-
Total Assets	41,751
LIABILITIES	
Current Liabilities:	
Interfund Payable	38,973
Deferred Revenues	788
Total Liabilities	39,761
NET ASSETS	
Unrestricted	1,990
TOTAL NET ASSETS	\$ 1,990

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Food Service Fund
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 76,628
Daily Sales-Nonreimbursable Programs	19,708
Total Operating Revenues	<u>96,336</u>
Operating Expenses:	
Cost of Sales	46,648
Salaries	54,933
Employee Benefits	24,149
Purchased Services	1,408
Insurance	3,095
Management Fee	7,473
Office Expense	125
Supplies and Materials	3,282
Repairs and Maintenance	916
Miscellaneous	220
Total Operating Expenses	<u>142,249</u>
Operating Income (Loss)	<u>(45,913)</u>
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	1,429
State Aid-Other	76
Federal Sources:	
National School Lunch Program	19,963
Food Distribution Program	8,532
Interest Earned on Investments	131
Total Nonoperating Revenues (Expenses)	<u>30,131</u>
Other Financing Sources:	
Operating Transfer In	<u>16,000</u>
Change in Net Assets	218
Net Assets, Beginning	<u>1,772</u>
Net Assets, Ending	<u><u>\$ 1,990</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Food Service Fund
Cash Flows from Operating Activities:	
Operating Income (Loss)	\$ (45,913)
Adjustments to Reconcile Operating Income (Loss) to Cash	
Provided (Used) by Operating Activities:	
Federal Food Distribution Program	8,325
(Increase) Decrease in Inventory	237
(Increase) Decrease in Interfund Receivable	(183)
Increase (Decrease) in Interfund Payable	(27,823)
Net Cash Provided by (Used For) Operating Activities	<u>(65,357)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	1,278
Federal Sources	17,682
Operating Transfer In	16,000
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>34,960</u>
Cash Flows from Investing Activities:	
Interest Earned on Investment	131
Net Cash Flows from Investing Activities:	<u>131</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(30,266)
Cash and Cash Equivalents, July 1, 2010	<u>65,810</u>
Cash and Cash Equivalents, June 30, 2011	<u><u>\$ 35,544</u></u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2011

	Unemployment Compensation Fund	Student Activities Agency Fund	Payroll Agency Fund
	<u>                    </u>	<u>                    </u>	<u>                    </u>
ASSETS			
Cash & Cash Equivalents	\$ 93,193	\$ 37,326	\$ 35,174
TOTAL ASSETS	<u>93,193</u>	<u>\$ 37,326</u>	<u>\$ 35,174</u>
LIABILITIES			
Payroll Deductions & Withholdings Due to Student Groups	<u>                    </u>	<u>\$ 37,326</u>	<u>\$ 35,174</u>
TOTAL LIABILITIES	<u>-</u>	<u>\$ 37,326</u>	<u>\$ 35,174</u>
NET ASSETS			
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 93,193</u>		

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Unemployment Compensation Fund
ADDITIONS	
Contributions:	
Employee Withholdings	\$ 7,588
Operating Transfer In	25,000
Investment Earnings-Interest	327
Total Additions	32,915
DEDUCTIONS	
Unemployment Claims	6,792
Change in Net Assets	26,123
Net Assets, Beginning of the Year	67,070
Net Assets, End of the Year	\$ 93,193

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**NOTES TO FINANCIAL STATEMENTS**

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the Districts overall financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting Entity

The District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the district is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2011 of 475 students.

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

1. The organization is legally separate (can sue or be sued in their own name.)
2. The District holds the corporate powers of the organization.
3. The District appoints a voting majority of the organization's board.
4. The District is able to impose its will on the organization.
5. The organization has the potential to impose a financial benefit/ burden on the District.
6. There is a fiscal dependency by the organization on the District.

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity as been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its governmental funds as major funds and they are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and post employment healthcare benefits, are recorded only when payment is due.

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted state aids.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

The District reports the following major governmental funds:

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, 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. These resources can be transferred from and to Current Expense by board resolution.

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

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.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011  
 (Continued)

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Additionally, the District reports the following fund types:

Proprietary Fund Types

Proprietary Fund - The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise Fund - The Enterprise 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; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

All proprietary funds are accounted for on a current financial resources measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light Trucks & Vehicles	4 Years
Heavy Trucks & Vehicles	6 Years

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Fiduciary Fund Types

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other government's and/ or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the Trust and Agency Funds of the District.

Unemployment Compensation Trust Fund – This fund is used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the “Benefit Reimbursement Method.”

Student Activities Agency Fund – This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund – This fund accounts for the withholding and remittance of employee salary deductions.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's Proprietary Funds have elected not to apply the standards issued by FASB after November 30, 1989.

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 NJAC 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2011 were insignificant.

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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

E. 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 revenues 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.

F. Tuition Receivable

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

G. Tuition Payable

Tuition charges for the fiscal years 2010-2011 and 2009-2010 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables

Short-Term Interfund receivables/payables represents 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.

I. Inventories and Prepaid Items

Inventories and prepaid items, 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. The commodities inventory value at balance sheet date is reported as a deferred revenue as title does not pass to the school district until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011  
 (Continued)

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

J. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements & Portable Classroom	50
Land Improvements	20
Furniture	20
Maintenance Equipment	15
Musical Instruments	10
Athletic Equipment	10
Audio Visual Equipment	10
Office Equipment	5 to 10
Computer Equipment	5 to 10

K. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board statement number 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of social security and medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011  
 (Continued)

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

L. Deferred Revenue

Deferred revenue in the General Fund and Special Revenue Fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the Special Revenue Fund.

Deferred revenue in the Enterprise Fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the Food Service Fund. Prepaid lunch debit card revenue balances at year-end are also included in deferred revenue.

M. Long-Term Obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during 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 issuance are reported as other financing uses.

N. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

In the government-wide statements, net assets represent the difference between assets and liabilities. Invested in Capital Assets, Net of Related Debt consists of capital assets, net of accumulated depreciation, and reduced by the balance of long-term debt used to finance these assets. Net assets are reported as restricted when there are limitations externally imposed on their use either through enabling legislation or other restrictions imposed by creditors, grantors or laws or regulations of other governments. The District's restricted net assets in the governmental activities as of June 30, 2011 consists of the following:

Capital Reserve	\$ 119,407
Emergency Reserve	75,000
Maintenance Reserve	105,000
Capital Project Reserve	<u>146,070</u>
	<u>\$ 445,477</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

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

O. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

P. Allocation of Indirect Expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF pension contributions, reimbursed TPAF social security contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

**NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES**

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in NJSA 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

School taxes are guaranteed as to amount of collection by the municipality, the collection agency, and are transmitted to the school district in accordance with the schedule of tax installments as certified by the school district's Board of Education on an annual basis.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011  
 (Continued)

**NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS**

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

New Jersey school districts are limited as to the types 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.

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

Deposits at June 30, 2011 appear in the financial statements as summarized below:

Cash		\$ <u>1,054,556</u>
	<u>Ref.</u>	
Cash :		
Governmental Funds, Statement of Net Assets	B-1	\$ 853,319
Enterprise Fund, Statement of Net Assets	B-4	35,544
Fiduciary Funds, Statement of Net Assets	B-7	<u>165,693</u>
Total Cash		\$ <u>1,054,556</u>

Deposits – The District's carrying amount of bank deposits at June 30, 2011 is \$1,054,556 and the bank balance is \$1,225,653. Of the bank balance, \$250,000 is covered by federal depository insurance and \$975,653 is insured by GUDPA.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011  
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**NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)**

Deposit and Investment Risk

GASB Statement No. 40 "Deposit and Investment Risk Disclosures" requires state and local governments to communicate key information about deposit and investment risks. Required disclosures are as follows:

1. Custodial credit risk disclosures for investments defined as category 3 assets under GASB Statement No. 3. Since all of the deposits and investments of the district are category 1 assets, these disclosures are not required.
2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the district has no such investments, this disclosure is not applicable.
3. Disclosure of investments by amount and issuer for any issuer that represents five percent of more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the US government and investments in mutual funds or pools. This disclosure is reported below under Concentration of Credit Risk.
4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the district has no such investments, this disclosure is not applicable.
5. Investments that are exposed to foreign currency risk should be disclosed. As the district has no such investments this disclosure is not applicable.

Concentration of Credit Risk

The State of New Jersey does not place any limit on the amount that the district may invest with any one issuer. As of June 30, 2011, the district has no investments.

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2011 is as follows:

GOVERNMENTAL ACTIVITIES	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, Not Being Depreciated:				
Land	\$ 462,026			\$ 462,026
Construction in Progress	16,190	\$ 33,380		49,570
Total	<u>478,216</u>	<u>33,380</u>	<u>\$ -0-</u>	<u>511,596</u>
Capital Assets, Being Depreciated:				
Land Improvements	141,560			141,560
Building & Improvements	4,679,235			4,679,235
Furniture & Equipment	1,163,100			1,163,100
Total	<u>5,983,895</u>	<u>-0-</u>	<u>-0-</u>	<u>5,983,895</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011  
 (Continued)

**NOTE 4. CAPITAL ASSETS (Cont'd)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Accumulated Depreciation:				
Land Improvements	\$ 58,464	\$ 6,102		\$ 64,566
Building & Improvements	2,202,395	101,581		2,303,976
Furniture & Equipment	1,103,746	9,165		1,112,911
Total	<u>3,364,605</u>	<u>116,848</u>	<u>\$ -0-</u>	<u>3,481,453</u>
Total Capital Assets, Being Depreciated, Net	<u>2,619,290</u>	<u>(116,848)</u>	<u>-0-</u>	<u>2,502,442</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,097,506</u>	<u>\$ (83,468)</u>	<u>\$ -0-</u>	<u>\$ 3,014,038</u>
Business-Type Activities:				
Furniture & Equipment	\$ 16,719			\$ 16,719
Less: Accum Depreciation	<u>16,719</u>			<u>16,719</u>
Business-Type Activities Capital Assets, Net	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Depreciation expense was charged to governmental functions in the current year as follows:

Instruction:	
Regular	\$ 61,224
Special Education	18,892
Other Special Instruction	2,180
Co-Curricular Activities	1,778
Support Services:	
Student & Instruction	16,648
General & Business Admin	10,102
School Administration	3,628
Plant & Maintenance	<u>2,396</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 116,848</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011  
 (Continued)

**NOTE 5. LONG-TERM DEBT**

Long-Term Liability Activity for the Year Ended June 30, 2011 is as Follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds Payable	\$ 1,445,000		\$ 155,000	\$ 1,290,000	\$ 160,000
Obligations Under Capital Leases	22,028		10,892	11,136	11,136
Unamortized Bond Premiums	38,160		4,240	33,920	4,240
Compensated Absences Payable	251,069	\$ 82,034	32,553	300,550	
<b>Total Governmental Activities Long-Term Liabilities</b>	<b>\$ 1,756,257</b>	<b>\$ 82,034</b>	<b>\$ 202,685</b>	<b>\$ 1,635,606</b>	<b>\$ 175,376</b>

Payments on the general obligation bonds are made in the debt service fund from property taxes and state aid. The other long-term debts are paid in the current expenditures budget of the District's general fund.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2011 including interest payments are listed as follows:

Year Ending June 30, _____	Principal	Interest	Total
2012	\$ 160,000	\$ 54,700	\$ 214,700
2013	165,000	48,700	213,700
2014	175,000	42,512	217,512
2015	180,000	35,950	215,950
2016	190,000	27,950	217,950
2017	205,000	18,950	223,950
2018	215,000	10,750	225,750
<b>Total</b>	<b>\$ 1,290,000</b>	<b>\$ 239,512</b>	<b>\$ 1,529,512</b>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011  
 (Continued)

**NOTE 5. GENERAL LONG-TERM DEBT (Cont'd)**

General Obligation Bonds – General obligation school building bonds payable at June 30, 2011, with their outstanding balances are comprised of the following individual issues:

\$1,885,000 - 2007 refunding general obligation bonds, due in annual installments of \$150,000 to \$215,000, beginning Jan 15, 2008, through Jan 15, 2018, interest at 3.625% to 5.000%	<u>\$ 1,290,000</u>
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The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2011 is \$24,486,256. General obligation debt at June 30, 2011 is \$1,290,000, resulting in a legal debt margin of \$23,196,256.

**NOTE 6. PENSION PLANS**

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF), Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pensions and Benefits. The Teachers' Pension and Annuity Fund retirement system 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 related non-contributing employers. The Public Employees Retirement System and Defined Contribution Retirement Program are considered cost sharing multiple-employer plans.

A. Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund was established in January, 1955 under the provisions of NJSA 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 6. PENSION PLANS (Cont'd)**

Description of Systems (Cont'd)

B. Public Employees' Retirement System - The Public Employees' Retirement System was established in January, 1955 under the provisions of NJSA 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

C. Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch 92, PL 2007 and expanded under the provisions of Ch 89, PL 2008 and Ch 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$7,700 in 2010) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: [www.prudential.com/njdcrp](http://www.prudential.com/njdcrp).

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statement and required supplementary information for TPAF and PERS. 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.

Significant Legislation

During the year ended June 30, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority (the "Authority") to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. On June 30, 1997, the Authority issued bonds pursuant to this legislation and \$1,547,688,633 and \$241,106,642 from the proceeds of the bonds were deposited into the investment account of TPAF and PERS, respectively.

As a result of additional legislation enacted during the year ended June 30, 1997 (Ch 115, PL 1997), the asset valuation method was changed from market related value to full market value for the valuation reports dated March 31, 1996. The legislation also provides for a reduction in the normal contributions of the State to the systems from excess assets for FY's 1997 and 1998, and local employers for FY 1999, and, thereafter, authorizes the State Treasurer to reduce the normal contributions of State and local employers to the systems, to the extent possible, from up to 100% of excess assets through FY 2002, and on a declining maximum percentage of excess thereafter.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 6. PENSION PLANS (Cont'd)**

Significant Legislation (cont'd)

Due to the enactment of the legislation described above, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced.

Contribution Requirements

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF, PERS and DCRP provide for employee contribution of 5.50% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in TPAF, PERS and DCRP. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

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

Year Funding	Post Retirement Benefit Costs	Percentage of APC Contributed
06/30/11	\$ 254,827	100%
06/30/10	229,282	100%
06/30/09	210,129	100%

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
06/30/11	\$ 75,832	100%
06/30/10	58,495	100%
06/30/09	54,582	100%

During the year ended June 30, 2011, the State of New Jersey contributed \$243,369 to the TPAF for post-retirement medical benefits and \$11,458 non-contributory insurance premiums for on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$268,565 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 27.

**NOTE 7. POST-RETIREMENT BENEFITS**

Chapter 384 of PL 1987 and Ch 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement PL 2007, Ch 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside 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, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Ch 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011  
 (Continued)

**NOTE 7. POST-RETIREMENT BENEFITS** (Cont'd)

The State is also responsible for the cost attributable to Ch 126, PL 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. In fiscal year 2010, the State paid \$123.3 million toward Ch 126 benefits for 14,050 eligible retired members.

GASB Statement 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

**Plan Description**-The School District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code, SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The school district adopted a resolution to participate in the SHBP. The State Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/pdf/financial/gasb-43-aug2010.pdf>

**Funding Policy**-Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. Information regarding the State's annual contributions, annual OPEB cost and net OPEB obligations is available through the State as noted in the previous paragraph.

**NOTE 8. 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:

Valic  
 The Equitable  
 Metropolitan Life  
 Great American Life  
 Lincoln Investment Planning

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011  
 (Continued)

**NOTE 9. INTERFUND RECEIVABLE AND PAYABLES**

The composition of Interfund balances as of June 30, 2011 is as follows:

Fund	Receivable Fund	Payable Fund
General Fund	\$ 45,484	
Enterprise Fund		\$ 38,790
Special Revenue Fund		6,694
	\$ 45,484	\$ 45,484

The balance due to the General Fund from the Food Service Enterprise Fund represents payroll and fringe benefits paid by the General Fund and not yet reimbursed. The balance due from the Special Revenue Fund is due to the delayed receipt of grant revenues.

**NOTE 10. INVENTORY**

Inventory in the Food Service Fund June 30, 2011 consisted of the following:

Food	\$ 920
Supplies	481
	\$ 1,401

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

**NOTE 11. CONTINGENT LIABILITIES**

The District is involved in various legal proceedings that are incidental to its operations. These legal proceedings are not likely to have a material adverse effect on the financial position of the School District.

**NOTE 12. RISK MANAGEMENT**

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

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011  
 (Continued)

**NOTE 12. RISK MANAGEMENT (Cont'd)**

New Jersey Unemployment Compensation Insurance - The District has elected to fund its NJ Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the NJ 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, and interest earnings, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's unemployment trust fund for the current and previous two years:

Fiscal Year	Board Contrib	Interest Earnings	Employee Contrib	Amount Reimbursed	Ending Balance
2010-2011	\$ 25,000	\$ 327	\$ 7,588	\$ 6,792	\$ 93,193
2009-2010	20,000	190	2,844	13,849	67,070
2008-2009	-0-	281	7,125	-0-	57,885

**NOTE 13. LEGAL RESERVE ACCOUNTS**

A capital reserve account was established by the District by inclusion of \$1 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 districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, a district may deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance or of excess undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Pursuant to NJAC 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.

Beginning in fiscal year 2008, Districts are allowed as per NJSA 18A:7F-41(a) & 41(b) to deposit to the legal reserves by board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District adopted a board resolution in June 2011 to authorize a deposit to their Capital Reserve account of \$75,000, and a deposit of \$75,000 to the Maintenance Reserve.

The following schedules are a summarization of the District's legal reserve accounts:

Capital Reserve Account

Fiscal Year	Return of Capital Funds	District Contribution	Interest Earnings	Withdrawals	Ending Balance
2000-2001		\$ 1			\$ 1
2004-2005		50,000		\$ 50,000	1
2005-2006		50,000		50,000	1
2006-2007	\$ 19,327	50,000			69,328
2007-2008			\$ 1,364		70,692
2008-2009		95,000	377		166,069
2009-2010		45,000	447		211,516
2010-2011		75,000	891	168,000	119,407

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011  
 (Continued)

**NOTE 13. CAPITAL AND OTHER RESERVE ACCOUNT (Cont'd)**

Maintenance Reserve Account

<u>Fiscal Year</u>	<u>Return of Unused Withdrawal</u>	<u>District Contribution</u>	<u>Interest Earnings</u>	<u>Withdrawal</u>	<u>Ending Balance</u>
2007-2008		\$ 75,000			\$ 75,000
2008-2009				\$ 75,000	-0-
2009-2010		30,000			30,000
2010-2011		75,000			105,000

Emergency Reserve Account

<u>Fiscal Year</u>	<u>Return of Unused Withdrawal</u>	<u>District Contribution</u>	<u>Interest Earnings</u>	<u>Withdrawal</u>	<u>Ending Balance</u>
2007-2008		\$ 50,000			\$ 50,000
2009-2010		25,000			75,000

**NOTE 14. FUND BALANCES-BUDGETARY BASIS**

As described in Note 1 N-Fund Equity (Fund Balance) may be restricted, committed or assigned. An analysis of the General Fund Balance on June 30, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Restricted:		
Capital Reserve Account-Represents funds restricted to capital projects in the Districts Long Range Facilities Plan	\$ 119,407	\$ 211,516
Maintenance Reserve Account-Represents funds restricted for the required maintenance of a school facility	105,000	30,000
Emergency Reserve Account-Represents funds restricted to finance unanticipated general fund expenditures required for a thorough and efficient education	75,000	75,000
Excess Surplus-Represents amount in excess of allowable percentage of expenditures. In accordance with State Statute the excess surplus is designated for utilization in succeeding years budgets	116,836	90,089
Excess Surplus-Designated for Subsequent Year's Expenditures-represents amount appropriated in the succeeding year's budget to reduce tax requirements	90,089	92,073
Committed:		
Year End Encumbrance-Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30,	39,655	69,342

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011  
 (Continued)

**NOTE 14. FUND BALANCES-BUDGETARY BASIS (Cont'd)**

	<u>2011</u>	<u>2010</u>
Assigned:		
Designated Surplus-Designated for Subsequent Year's Expenditures-represents amount appropriated in the succeeding year's budget to reduce tax requirements	\$ 4,651	\$ 25,394
Unassigned:		
Undesignated-Represents fund balance which has not been restricted or designated	<u>290,932</u>	<u>296,654</u>
Total Fund Balance	<u>\$ 841,570</u>	<u>\$ 890,068</u>

**NOTE 15. CALCULATION OF EXCESS SURPLUS**

In accordance with NJSA 18A:7F-7, as amended by PL 2004, Ch 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2011 is \$116,836.

**REQUIRED SUPPLEMENTARY INFORMATION-PART II**

**BUDGETARY COMPARISON SCHEDULES**

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 6,271,835		\$ 6,271,835	\$ 6,271,835	
Tuition-Individuals	63,000		63,000	84,130	\$ 21,130
Tuition-Other LEAs	11,548		11,548	42,052	30,504
Interest on Current Expense Emergency Reserve	100		100		(100)
Interest on Capital Reserve Funds	600		600	891	291
Interest on Investments	2,300		2,300	5,884	3,584
Miscellaneous - Unrestricted	60,000		60,000	84,943	24,943
Total	6,409,383	\$ -	6,409,383	6,489,735	80,352
State Sources:					
Categorical Special Education Aid	274,504		274,504	274,504	
Categorical Security Aid	38,690		38,690	38,690	
Categorical Transportation Aid	164,463		164,463	164,463	
Non Public Transportation Aid				4,872	4,872
Extraordinary Special Education Costs Aid				36,060	36,060
On-Behalf TPAF Payments				254,827	254,827
Reimbursed TPAF Social Security Contribution				268,565	268,565
Total	477,657	-	477,657	1,041,981	564,324
<b>TOTAL REVENUES</b>	<b>\$ 6,887,040</b>	<b>\$ -</b>	<b>\$ 6,887,040</b>	<b>\$ 7,531,716</b>	<b>\$ 644,676</b>
<b>EXPENDITURES</b>					
Current:					
Regular Programs:					
Instruction-Salaries of Teachers:					
Preschool	\$ 34,560	\$ 900	\$ 35,460	\$ 35,458	\$ 2
Kindergarten	140,290	(1,875)	138,415	136,998	1,417
Grades 1-5	1,187,375	22,160	1,209,535	1,209,518	17
Grades 6-8	865,544	7,780	873,324	873,321	3
Home Instruction:					
Salaries of Teachers	1,200	(1,120)	80		80
Other Purchased Services	150	20	170		170
Undistributed Instruction:					
Other Salaries for Instruction	20,000	660	20,660	20,656	4
Purchased Professional Educational Services	500	(400)	100	7	93
Purchased Technical Services	27,450	19,615	47,065	44,813	2,252
Other Purchased Services	68,702	(460)	68,242	68,218	24
General Supplies	115,370	31,389	146,759	128,392	18,367
Textbooks	5,845	(4,650)	1,195	1,126	69
Other Objects	8,000	(725)	7,275	7,272	3
Total	2,474,986	73,294	2,548,280	2,525,779	22,501
Special Education:					
Auditory Impairments:					
Salaries of Teachers	58,944	(2,700)	56,244	55,833	411
General Supplies	1,050	400	1,450	1,446	4
Total	59,994	(2,300)	57,694	57,279	415

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

EXPENDITURES (Cont'd)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current: (cont'd)					
Special Education:					
Resource Room/Center:					
Salaries of Teachers	\$ 417,655	\$ 21,810	\$ 439,465	\$ 439,394	\$ 71
Other Salaries for Instruction	55,923	(1,000)	54,923	54,908	15
Other Purchased Services	600	(490)	110	106	4
General Supplies	12,540	(420)	12,120	10,544	1,576
Textbooks	845	(800)	45		45
Total	<u>487,563</u>	<u>19,100</u>	<u>506,663</u>	<u>504,952</u>	<u>1,711</u>
Preschool Disabilities-Full-Time:					
Salaries of Teachers	88,823	23,315	112,138	112,068	70
Other Salaries for Instruction	27,639	(8,680)	18,959	18,957	2
Purchased Professional Educational Services		10,955	10,955	10,944	11
General Supplies	670	75	745	735	10
Total	<u>117,132</u>	<u>25,665</u>	<u>142,797</u>	<u>142,704</u>	<u>93</u>
Total Special Education	<u>664,689</u>	<u>42,465</u>	<u>707,154</u>	<u>704,935</u>	<u>2,219</u>
Basic Skills/Remedial:					
Salaries of Teachers	84,693		84,693	84,305	388
Other Purchased Services	150		150	31	119
General Supplies	670		670	118	552
Total	<u>85,513</u>	<u>-</u>	<u>85,513</u>	<u>84,454</u>	<u>1,059</u>
School Sponsored Cocurricular Activities:					
Salaries	34,000	1,145	35,145	35,145	
Other Purchased Services	500		500		500
Supplies and Materials	1,250		1,250	1,007	243
Other Objects	500		500	200	300
Total	<u>36,250</u>	<u>1,145</u>	<u>37,395</u>	<u>36,352</u>	<u>1,043</u>
School Sponsored Athletics:					
Salaries	37,830	(4,255)	33,575	32,457	1,118
Purchased Services	5,000	(155)	4,845	4,040	805
Supplies and Materials	3,000	(850)	2,150	1,977	173
Other Objects	500	155	655	655	
Total	<u>46,330</u>	<u>(5,105)</u>	<u>41,225</u>	<u>39,129</u>	<u>2,096</u>
Total Instruction Regular	<u>\$ 3,307,768</u>	<u>\$ 111,799</u>	<u>\$ 3,419,567</u>	<u>\$ 3,390,649</u>	<u>\$ 28,918</u>
Undistributed Expenditures:					
Instruction Tuition:					
Other LEAs within the State - Special		\$ 3,687	\$ 3,687	\$ 3,687	
Tuition to Private School for the Disabled w/in State		1,875	1,875	1,875	
Private School for Disabled and Other LEAs-Special Outside State	\$ 40,999	29,261	70,260	63,314	\$ 6,946
Total	<u>40,999</u>	<u>34,823</u>	<u>75,822</u>	<u>68,876</u>	<u>6,946</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

EXPENDITURES (Cont'd)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current: (cont'd)					
Health Services:					
Salaries	\$ 74,605	\$ 1,740	\$ 76,345	\$ 76,345	
Purchased Professional and Technical Services	4,500	(1,045)	3,455	3,433	\$ 22
Other Purchased Services	400	475	875	866	9
Supplies and Materials	2,800	(485)	2,315	2,022	293
Other Objects	500	(305)	195	194	1
Total	<u>82,805</u>	<u>380</u>	<u>83,185</u>	<u>82,860</u>	<u>325</u>
Speech, OT, PT and Related Services:					
Salaries	84,582	882	85,464	85,463	1
Purchased Professional-Educational Services	50,000	(12,217)	37,783	32,685	5,098
Supplies and Materials	1,000		1,000	895	105
Other Objects	700		700		700
Total	<u>136,282</u>	<u>(11,335)</u>	<u>124,947</u>	<u>119,043</u>	<u>5,904</u>
Other Support Services-Students-Extra. Serv.:					
Salaries	5,000	(2,420)	2,580	2,550	30
Purchased Professional-Educational Services		1,495	1,495	1,492	3
Supplies and Materials	1,500	925	2,425	332	2,093
Total	<u>6,500</u>	<u>-</u>	<u>6,500</u>	<u>4,374</u>	<u>2,126</u>
Guidance:					
Salaries of Other Professional Staff	59,530	1,765	61,295	60,880	415
Other Purchased Services	150	105	255	252	3
Supplies and Materials	7,550	(113)	7,437	3,063	4,374
Other Objects	1,800	(15)	1,785	165	1,620
Total	<u>69,030</u>	<u>1,742</u>	<u>70,772</u>	<u>64,360</u>	<u>6,412</u>
Child Study Teams:					
Salaries of Other Professional Staff	191,494		191,494	189,483	2,011
Salaries of Secretarial and Clerical Assistants	37,938		37,938	36,088	1,850
Other Salaries	14,478	840	15,318	15,314	4
Purchased Professional Educational Services	1,500	(900)	600	450	150
Other Purchased Professional and Tech Services	1,500	900	2,400	2,400	
Miscellaneous Purchased Services	7,481		7,481	5,729	1,752
Supplies and Materials	2,850	(1,101)	1,749	414	1,335
Other Objects	1,500	(840)	660	350	310
Total	<u>258,741</u>	<u>(1,101)</u>	<u>257,640</u>	<u>250,228</u>	<u>7,412</u>
Improvement of Instructional Services:					
Salaries of Other Professional Staff	14,260		14,260	2,015	12,245
Other Salaries	87,866	(6,420)	81,446	77,271	4,175
Other Purchased Services	3,585		3,585	2,380	1,205
Supplies and Materials	900		900	350	550
Other Objects	2,500		2,500	1,691	809
Total	<u>109,111</u>	<u>(6,420)</u>	<u>102,691</u>	<u>83,707</u>	<u>18,984</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

EXPENDITURES (Cont'd)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current: (cont'd)					
Educational Media Service for School Library:					
Salaries	\$ 62,298	\$ 2,190	\$ 64,488	\$ 64,487	\$ 1
Salaries of Technology Coordinators	5,100		5,100	5,100	
Purchased Professional and Technical Services	650	(275)	375		375
Other Purchased Services	1,300	(50)	1,250	1,049	201
Supplies and Materials	8,500	480	8,980	8,764	216
Other Objects	100	(25)	75		75
Total	77,948	2,320	80,268	79,400	868
Instructional Staff Training Services:					
Purchased Professional Educational Services	500		500		500
Other Purchased Services	12,000	(2,000)	10,000	4,299	5,701
Supplies and Materials	500	575	1,075	1,064	11
Other Objects	1,000	(575)	425	55	370
Total	14,000	(2,000)	12,000	5,418	6,582
Support Services-General Administration:					
Salaries	205,830	7,970	213,800	209,535	4,265
Legal Services	21,000	2,000	23,000	19,582	3,418
Audit Fees	14,000		14,000	13,775	225
Architectural/Engineering Services	5,500	(4,000)	1,500		1,500
Other Purchased Professional Services	875		875		875
Purchased Technical Services		2,166	2,166	2,140	26
Communications and Telephone	19,500	(2,220)	17,280	17,221	59
Bd of Education Other Purchased Services	2,000	1,225	3,225	469	2,756
Miscellaneous Purchased Services	23,085	(2,805)	20,280	20,275	5
General Supplies	4,000	150	4,150	1,991	2,159
Miscellaneous Expenditures	3,850	(475)	3,375	82	3,293
Bd of Education Membership Dues & Fees	6,000	(2,420)	3,580	900	2,680
Total	305,640	1,591	307,231	285,970	21,261
Support Services-School Administration:					
Salaries of Principals/Asst. Principals/Prog Dir	96,893	(1,313)	95,580	95,415	165
Salaries of Secretarial and Clerical Assistants	52,056	2,030	54,086	52,849	1,237
Other Purchased Services	5,085	191	5,276	3,242	2,034
Supplies and Materials	2,000	1,075	3,075	1,329	1,746
Other Objects	1,500	55	1,555	1,211	344
Total	157,534	2,038	159,572	154,046	5,526
Central Services:					
Salaries	129,068	2,580	131,648	129,068	2,580
Purchased Professional Services	2,000	5,295	7,295	6,341	954
Purchased Technical Services	1,000	306	1,306	1,302	4
Miscellaneous Purchased Services	1,500	(45)	1,455	662	793
Supplies and Materials	2,000	75	2,075	1,381	694
Miscellaneous Expenditures	2,000	75	2,075	1,840	235
Total	137,568	8,286	145,854	140,594	5,260
Administrative Info Technology Services:					
Purchased Professional Services	2,500		2,500	2,395	105
Total	2,500	-	2,500	2,395	105

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	\$ 35,500	\$ 7,878	\$ 43,378	\$ 41,644	\$ 1,734
General Supplies	2,000		2,000	1,902	98
Total	<u>37,500</u>	<u>7,878</u>	<u>45,378</u>	<u>43,546</u>	<u>1,832</u>
Custodial Services:					
Salaries	213,305	2,225	215,530	215,527	3
Purchased Professional and Technical Services	9,500	(3,700)	5,800	5,645	155
Cleaning, Repair, and Maintenance Services	17,400	13,510	30,910	30,810	100
Insurance	30,000	(1,160)	28,840	28,829	11
Miscellaneous Purchased Services	500		500	350	150
General Supplies	35,000	6,925	41,925	41,921	4
Energy (Electricity)	110,000	(5,500)	104,500	98,182	6,318
Other Objects	2,200		2,200	1,736	464
Energy (Natural Gas)	60,000	(12,525)	47,475	32,146	15,329
Total	<u>477,905</u>	<u>(225)</u>	<u>477,680</u>	<u>455,146</u>	<u>22,534</u>
Care & Upkeep of Grounds:					
Salaries	66,588		66,588	58,269	8,319
Purchased Professional and Technical Services	4,500	(2,000)	2,500	2,400	100
Cleaning, Repair, and Maintenance Services	5,000	(1,400)	3,600	65	3,535
General Supplies	8,200	(2,475)	5,725	5,579	146
Total	<u>84,288</u>	<u>(5,875)</u>	<u>78,413</u>	<u>66,313</u>	<u>12,100</u>
Security:					
Purchased Professional and Technical Services	7,000	-	7,000	6,293	707
Student Transportation Services:					
Contracted Serv. (Oth. than Bet Home&Sch)-Vend	25,000		25,000	20,317	4,683
Contracted Serv. (Bet. Home & Sch)-Joint Agrmnts	351,351	(26,300)	325,051	322,716	2,335
Contracted Serv. (Sp Ed Students)-Joint Agrmnts	65,141	(6,460)	58,681	56,379	2,302
Contracted Serv. - Aid in Lieu Pymts-NonPub Sch	25,320		25,320	21,083	4,237
Total	<u>466,812</u>	<u>(32,760)</u>	<u>434,052</u>	<u>420,495</u>	<u>13,557</u>
Unallocated Benefits-Employee Benefits:					
Social Security Contributions	83,000		83,000	79,222	3,778
Other Retirement Contributions-PERS	62,753	13,079	75,832	75,832	
Workmen's Compensation	38,000	3,325	41,325	41,316	9
Health Benefits	939,994	(72,168)	867,826	831,922	35,904
Tuition Reimbursement	23,669	4,068	27,737	20,223	7,514
Other Employee Benefits	51,000	(3,300)	47,700	43,036	4,664
Total	<u>1,198,416</u>	<u>(54,996)</u>	<u>1,143,420</u>	<u>1,091,551</u>	<u>51,869</u>
Food Services:					
Transfers to Cover Deficit (Enterprise Fund)	13,000	(13,000)	-	-	-
On-Behalf TPAF Payments					
Reimbursement TPAF Social Security				254,827	(254,827)
Contribution				268,565	(268,565)
Total	-	-	-	<u>523,392</u>	<u>(523,392)</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Total Undistributed Expenditures	\$ 3,683,579	\$ (68,654)	\$ 3,614,925	\$ 3,948,007	\$ (333,082)
TOTAL CURRENT	\$ 6,991,347	\$ 43,145	\$ 7,034,492	\$ 7,338,656	\$ (304,164)
CAPITAL OUTLAY					
Equipment:					
Required Maint for School Facilities	\$ 11,940	\$ 3,800	\$ 15,740	\$ 15,738	\$ 2
Total	11,940	3,800	15,740	15,738	2
Facilities Acquisition & Construction Services:					
Architectural/Engineering Services	12,960	5,040	18,000	16,300	1,700
Other Purchased Professional and Tech. Services	6,000	(500)	5,500		5,500
Construction Services	129,600	(129,600)			-
Other Objects	19,960	(18,760)	1,200	520	680
Total	168,520	(143,820)	24,700	16,820	7,880
TOTAL CAPITAL OUTLAY	\$ 180,460	\$ (140,020)	\$ 40,440	\$ 32,558	\$ 7,882
TOTAL EXPENDITURES	\$ 7,171,807	\$ (96,875)	\$ 7,074,932	\$ 7,371,214	\$ (296,282)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (284,767)	\$ 96,875	\$ (187,892)	\$ 160,502	\$ 348,394
Other Financing Sources (Uses):					
Operating Transfers Out-Capital Projects Fund		(168,000)	(168,000)	(168,000)	
Operating Transfers Out-Food Service Fund		(16,000)	(16,000)	(16,000)	
Operating Transfers Out-Unemployment Fund		(25,000)	(25,000)	(25,000)	
Total Other Financing Sources (Uses)	-	(209,000)	(209,000)	(209,000)	-
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(284,767)	(112,125)	(396,892)	(48,498)	348,394
Fund Balances, July 1	890,068		890,068	890,068	
Fund Balances, June 30	\$ 605,301	\$ (112,125)	\$ 493,176	\$ 841,570	\$ 348,394
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures:					
Adjustment for Prior Year Encumbrances		\$ (69,342)	\$ (69,342)	\$ (69,342)	
Increase (Decrease) in Capital Reserve	\$ (167,400)	75,000	(92,400)	(92,109)	\$ 291
Increase (Decrease) in Maintenance Reserve		75,000	75,000	75,000	
Increase (Decrease) in Emergency Reserve	100		100		(100)
Budgeted Fund Balance	(117,467)	(192,783)	(310,250)	37,953	348,203
TOTAL	\$ (284,767)	\$ (112,125)	\$ (396,892)	\$ (48,498)	\$ 348,394

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:		
Capital Reserve	\$	119,407
Maintenance Reserve		105,000
Emergency Reserve		75,000
Excess Surplus:		
Prior Year-Designated for 2011-2012 Budget		90,089
Current Year-Designated for 2012-2013 Budget		116,836
		<hr/>
	\$	506,332
Committed Fund Balance:		
Year-end Encumbrances		39,655
Assigned Fund Balance-Designated for Subsequent Year's Expenditures		4,651
Unassigned Fund Balance		<hr/>
		290,932
		841,570
Reconciliation to Governmental Statements (GAAP):		
Last State Aid Payments not Recognized on GAAP Basis		(47,711)
		<hr/>
Fund Balance Per Governmental Funds (GAAP)	\$	<u>793,859</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(NOT APPLICABLE TO THIS REPORT)

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
EDUCATION JOBS FUND  
AMERICAN RECOVERY AND REINVESTMENT ACT-BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(NOT APPLICABLE TO THIS REPORT)

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local Sources	\$ 50,000		\$ 50,000	\$ 12,270	\$ (37,730)
State Sources		\$ 353	353	36	(317)
Federal Sources	188,907	48,051	236,958	184,790	(52,168)
<b>TOTAL REVENUES</b>	<u>\$ 238,907</u>	<u>\$ 48,404</u>	<u>\$ 287,311</u>	<u>\$ 197,096</u>	<u>\$ (90,215)</u>
<b>EXPENDITURES</b>					
Instruction:					
Salaries for Teachers	\$ 47,557	\$ 44,577	\$ 92,134	\$ 61,021	\$ 31,113
Other Salaries	77,570	(5,937)	71,633	61,507	10,126
General Supplies	54,384	353	54,737	16,690	38,047
Other Objects		775	775	775	
<b>Totals</b>	<u>179,511</u>	<u>39,768</u>	<u>219,279</u>	<u>139,993</u>	<u>79,286</u>
Support Services:					
Salaries of Other Professional Staff	27,081	5,937	33,018	33,018	
Personal Services-Employee Benefits	8,125	(87)	8,038	7,144	894
Purchased Professional & Technical Services	5,400	87	5,487	3,487	2,000
Other Purchased Services	10,672	2,650	13,322	11,322	2,000
Supplies	8,118	49	8,167	2,132	6,035
<b>Total</b>	<u>59,396</u>	<u>8,636</u>	<u>68,032</u>	<u>57,103</u>	<u>10,929</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 238,907</u>	<u>\$ 48,404</u>	<u>\$ 287,311</u>	<u>\$ 197,096</u>	<u>\$ 90,215</u>

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

	General Fund	Special Revenue Fund
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 7,531,716	\$ 197,096
Difference-Budget to GAAP:		
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State Aid Receivable Prior Year	83,772	
State Aid Receivable Current Year	(47,711)	
Total Revenues (GAAP Basis)	\$ 7,567,777	\$ 197,096
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 7,371,214	\$ 197,096
Total Expenditures (GAAP Basis)	\$ 7,371,214	\$ 197,096

**OTHER SUPPLEMENTAL INFORMATION**

**SCHOOL LEVEL SCHEDULES**

(NOT APPLICABLE TO THIS REPORT)

## **SPECIAL REVENUE FUND**

### **DETAIL STATEMENTS**

The special revenue fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	IDEA Basic	IDEA PreSchool	NCLB IA	NCLB IIA	NCLB IID & IV	REAP	NJ Character Education	Local Grants	Total 2011
<b>REVENUES</b>									
Local Sources								\$ 12,270	\$ 12,270
State Sources							\$ 36		36
Federal Sources	\$ 90,914	\$ 6,391	\$ 8,115	\$ 17,536	\$ 813	\$ 61,021			184,790
<b>TOTAL REVENUES</b>	<b>\$ 90,914</b>	<b>\$ 6,391</b>	<b>\$ 8,115</b>	<b>\$ 17,536</b>	<b>\$ 813</b>	<b>\$ 61,021</b>	<b>\$ 36</b>	<b>\$ 12,270</b>	<b>\$ 197,096</b>
<b>EXPENDITURES</b>									
Instruction:									
Salaries of Teachers						\$ 61,021			\$ 61,021
Other Salaries	\$ 61,507								61,507
General Supplies			\$ 4,384				\$ 36	\$ 12,270	16,690
Other Objects					\$ 775				775
Totals	61,507	\$ -	4,384	\$ -	775	61,021	36	12,270	139,993
Support Services:									
Salaries of Other Professional Staff	22,947	5,937	1,134	3,000					33,018
Personal Services-Employee Benefits	6,460	454		230					7,144
Purchased Professional & Technical Services			87	3,400					3,487
Other Purchased Services			750	10,534	38				11,322
Supplies			1,760	372					2,132
Total	29,407	6,391	3,731	17,536	38	-	-	-	57,103
<b>TOTAL EXPENDITURES</b>	<b>\$ 90,914</b>	<b>\$ 6,391</b>	<b>\$ 8,115</b>	<b>\$ 17,536</b>	<b>\$ 813</b>	<b>\$ 61,021</b>	<b>\$ 36</b>	<b>\$ 12,270</b>	<b>\$ 197,096</b>

**CAPITAL PROJECTS FUND**

**DETAIL STATEMENTS**

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE-BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Revenues and Other Financing Sources:	
Operating Transfer In	\$ 168,000
Total Revenues	<u>168,000</u>
Expenditures and Other Financing Uses:	
Purchased Professional & Technical Services	<u>21,930</u>
Total Expenditures	<u>21,930</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	146,070
Fund Balance-Beginning	<u>-</u>
Fund Balance-Ending	<u><u>\$ 146,070</u></u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND  
PROJECT STATUS-BUDGETARY BASIS-ROOF REPLACEMENT PROJECT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources-NJSDA Grant				\$ 112,000
Local Sources:				
Operating Transfer In		\$ 168,000	\$ 168,000	168,000
Total Revenues	\$ -	168,000	168,000	280,000
Expenditures and Other Financing Uses:				
Architect		21,930	21,930	20,410
Other Professional Services				1,750
Construction Services				238,400
Other Objects				19,440
Total Expenditures	-	21,930	21,930	280,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 146,070	\$ 146,070	\$ -

Additional Project Information:

Project Number	SDA1160-050-09-OZGS
Grant Date	10/01/10
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 280,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 280,000
Percentage Complete	7.83%

## **PROPRIETARY FUND**

### **DETAIL STATEMENTS**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises-where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FUND NET ASSETS  
FOOD SERVICE ENTERPRISE FUND  
JUNE 30, 2011

	Food Service Fund
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 35,544
Receivables from Other Governments:	
State	389
Federal	4,234
Interfund Receivable	183
Inventory	1,401
Total Current Assets	<u>41,751</u>
Noncurrent Assets:	
Capital Assets	16,719
Less: Accumulated Depreciation	<u>(16,719)</u>
Total Noncurrent Assets	<u>-</u>
Total Assets	<u>41,751</u>
LIABILITIES	
Current Liabilities:	
Interfund Payable	38,973
Deferred Revenues	<u>788</u>
Total Liabilities	<u>39,761</u>
NET ASSETS	
Unrestricted	<u>1,990</u>
TOTAL NET ASSETS	<u>\$ 1,990</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS  
FOOD SERVICE ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Food Service Fund
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 76,628
Daily Sales-Nonreimbursable Programs	19,708
Total Operating Revenues	<u>96,336</u>
Operating Expenses:	
Cost of Sales	46,648
Salaries	54,933
Employee Benefits	24,149
Purchased Services	1,408
Insurance	3,095
Management Fee	7,473
Office Expense	125
Supplies and Materials	3,282
Repairs and Maintenance	916
Miscellaneous	220
Total Operating Expenses	<u>142,249</u>
Operating Income (Loss)	<u>(45,913)</u>
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	1,429
State Aid-Other	76
Federal Sources:	
National School Lunch Program	19,963
Food Distribution Program	8,532
Interest Earned on Investments	131
Total Nonoperating Revenues (Expenses)	<u>30,131</u>
Other Financing Sources:	
Operating Transfer In	<u>16,000</u>
Change in Net Assets	218
Net Assets, Beginning	<u>1,772</u>
Net Assets, Ending	<u>\$ 1,990</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FUND CASH FLOWS  
FOOD SERVICE ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Food Service Fund
Cash Flows from Operating Activities:	
Operating Income (Loss)	\$ (45,913)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities:	
Federal Food Distribution Program	8,325
(Increase) Decrease in Inventory	237
(Increase) Decrease in Interfund Receivable	(183)
Increase (Decrease) in Interfund Payable	(27,823)
Net Cash Provided by (Used For) Operating Activities	<u>(65,357)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	1,278
Federal Sources	17,682
Operating Transfer In	16,000
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>34,960</u>
Cash Flows from Investing Activities:	
Interest Earned on Investment	131
Net Cash Flows from Investing Activities:	<u>131</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(30,266)
Cash and Cash Equivalents, July 1, 2010	<u>65,810</u>
Cash and Cash Equivalents, June 30, 2011	<u>\$ 35,544</u>

**FIDUCIARY FUND**  
**DETAIL STATEMENTS**

Fiduciary Fund are used to account for funds received by the school district as an agent for individuals, private organizations, other governments and/or other funds.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
COMBINING STATEMENT OF FIDUCIARY FUND NET ASSETS  
JUNE 30, 2011

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
<b>ASSETS</b>				
Cash & Cash Equivalents	\$ 93,193	\$ 37,326	\$ 35,174	\$ 165,693
Total Assets	93,193	37,326	35,174	165,693
<b>LIABILITIES</b>				
Payroll Deductions & Withholdings Due to Student Groups		37,326	35,174	35,174 37,326
Total Liabilities	-	37,326	35,174	72,500
<b>NET ASSETS</b>				
Held in Trust for Unemployment Claims & Other Purposes	93,193			
<b>TOTAL NET ASSETS</b>	<b>\$ 93,193</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 93,193</b>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Unemployment Compensation Fund</u>
ADDITIONS	
Contributions:	
Employee Withholdings	\$ 7,588
Operating Transfer In	25,000
Investment Earnings-Interest	327
Total Additions	<u>32,915</u>
DEDUCTIONS	
Unemployment Claims	<u>6,792</u>
Change in Net Assets	26,123
Net Assets, Beginning of the Year	<u>67,070</u>
Net Assets, End of the Year	<u><u>\$ 93,193</u></u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 STUDENT ACTIVITY AGENCY FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance 07/01/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/11</u>
ASSETS				
Cash & Cash Equivalents	\$ 25,428	\$ 87,459	\$ 75,561	\$ 37,326
TOTAL ASSETS	<u>\$ 25,428</u>	<u>\$ 87,459</u>	<u>\$ 75,561</u>	<u>\$ 37,326</u>
LIABILITIES				
Student Activities	\$ 23,311	\$ 87,432	\$ 75,543	\$ 35,200
Hammer Trust	<u>2,117</u>	<u>27</u>	<u>\$ 18</u>	<u>2,126</u>
TOTAL LIABILITIES	<u>\$ 25,428</u>	<u>\$ 87,459</u>	<u>\$ 75,561</u>	<u>\$ 37,326</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 PAYROLL AGENCY FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance 07/01/10	Additions	Deletions	Balance 06/30/11
<b>ASSETS</b>				
Cash & Cash Equivalents	\$ 7,692	\$ 5,209,605	\$ 5,182,123	\$ 35,174
<b>TOTAL ASSETS</b>	<b>\$ 7,692</b>	<b>\$ 5,209,605</b>	<b>\$ 5,182,123</b>	<b>\$ 35,174</b>
<b>LIABILITIES</b>				
Payroll Deductions & Withholdings	\$ 7,684	\$ 2,125,485	\$ 2,098,088	\$ 35,081
Net Payroll	8	3,084,120	3,084,035	93
<b>TOTAL LIABILITIES</b>	<b>\$ 7,692</b>	<b>\$ 5,209,605</b>	<b>\$ 5,182,123</b>	<b>\$ 35,174</b>

## **LONG-TERM DEBT SCHEDULES**

The long-term debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 GENERAL LONG-TERM DEBT ACCOUNT GROUP  
 SCHEDULE OF SERIAL BONDS  
 JUNE 30, 2011

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/10	Issued	Retired	Balance 06/30/11
			Date	Amount					
2007 Refunding	04/17/07	\$ 1,845,000	01/15/12	\$ 160,000	3.750%				
			01/15/13	165,000	3.750%				
			01/15/14	175,000	3.750%				
			01/15/15	180,000	3.750%				
			01/15/16	190,000	3.750%				
			01/15/17	205,000	4.000%				
			01/15/18	215,000	5.000%	\$ 1,445,000		\$ 155,000	\$ 1,290,000
					\$ 1,445,000	\$ -	\$ 155,000	\$ 1,290,000	

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 215,512		\$ 215,512	\$ 215,512	
Total Revenues	<u>215,512</u>	<u>\$ -</u>	<u>215,512</u>	<u>215,512</u>	<u>\$ -</u>
EXPENDITURES					
Regular Debt Service:					
Interest on Bonds	60,512		60,512	60,512	
Redemption of Bond Principal	155,000		155,000	155,000	
Total Expenditures	<u>215,512</u>	<u>-</u>	<u>215,512</u>	<u>215,512</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
JUNE 30, 2011

	Interest Rate	Amount of Original Issue	Balance 07/01/10	Issued Current Year	Retired Current Year	Balance 06/30/11
Fire Alarm System	4.75%	\$ 107,426	\$ 22,028	\$ -	\$ 10,892	\$ 11,136

**STATISTICAL SECTION**

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
STATISTICAL SECTION J SERIES

CONTENTS	PAGE
<b>FINANCIAL TRENDS</b>	
These Schedules Contain Trend Information to Help the Reader Understand how the District's Financial Performance and Well Being have Changed Over Time.	J-1 to J-5
<b>REVENUE CAPACITY</b>	
These Schedules Contain Trend Information to Help the Reader Assess the District's most Significant Local Revenue Sources, the Property Tax.	J-6 to J-9
<b>DEBT CAPACITY</b>	
These Schedules Contain Trend Information to Help the Reader Assess the Affordability of the District's Current Levels of Outstanding Debt and the District's Ability to Issue Additional Debt in the Future.	J-10 to J-13
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b>	
These Schedules Offer Demographic and Economic Indicators to Help the Reader Understand the Environment Within Which the District's Financial Activities Take Place.	J-14 to J-15
<b>OPERATING INFORMATION</b>	
These Schedules Contain Service and Infrastructure Data to Help the Reader Understand how the Information in the District's Financial Report Relates to the Services the District Provides and the Activities it Performs.	J-16 to J-20

Sources: Unless Otherwise noted, the Information in these Schedules is Derived from the Comprehensive Annual Financial Reports (CAFR) for the Relevant Year. The District Implemented GASB Statement 34 in the Fiscal Year Ending June 30, 2004; Schedules Presenting District-Wide Information Include Information Beginning in That Year.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 NET ASSETS BY COMPONENT  
 LAST EIGHT FISCAL YEARS  
 (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>GOVERNMENT ACTIVITIES</b>								
Invested in Capital Assets, Net of Related Debt	\$ 867,889	\$ 1,002,904	\$ 1,117,647	\$ 1,343,485	\$ 1,415,605	\$ 1,558,634	\$ 1,630,478	\$ 1,712,902
Restricted	82,061	1	1	69,328	204,684	216,069	316,516	445,477
Unrestricted	172,479	26,138	131,463	2,728	145,987	184,286	215,866	173,225
<b>TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS</b>	<b>\$ 1,122,429</b>	<b>\$ 1,029,043</b>	<b>\$ 1,249,111</b>	<b>\$ 1,415,541</b>	<b>\$ 1,766,276</b>	<b>\$ 1,958,989</b>	<b>\$ 2,162,860</b>	<b>\$ 2,331,604</b>
<b>BUSINESS-TYPE ACTIVITIES</b>								
Invested in Capital Assets, Net of Related Debt	\$ 1,742	\$ 1,193	\$ 752	\$ 311				
Unrestricted	4,261	4,825	7,902	2,322	\$ 1,736	\$ 2,658	\$ 1,772	\$ 1,990
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 6,003</b>	<b>\$ 6,018</b>	<b>\$ 8,654</b>	<b>\$ 2,633</b>	<b>\$ 1,736</b>	<b>\$ 2,658</b>	<b>\$ 1,772</b>	<b>\$ 1,990</b>
<b>DISTRICT-WIDE</b>								
Invested in Capital Assets, Net of Related Debt	\$ 869,631	\$ 1,004,097	\$ 1,118,399	\$ 1,343,796	\$ 1,415,605	\$ 1,558,634	\$ 1,630,478	\$ 1,712,902
Restricted	82,061	1	1	69,328	204,684	216,069	316,516	445,477
Unrestricted	176,740	30,963	139,365	5,050	147,723	186,944	217,638	175,215
<b>TOTAL DISTRICT-WIDE</b>	<b>\$ 1,128,432</b>	<b>\$ 1,035,061</b>	<b>\$ 1,257,765</b>	<b>\$ 1,418,174</b>	<b>\$ 1,768,012</b>	<b>\$ 1,961,647</b>	<b>\$ 2,164,632</b>	<b>\$ 2,333,594</b>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET ASSETS  
LAST EIGHT FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
EXPENSES								
Governmental Activities:								
Instruction:								
Regular	\$ 2,752,061	\$ 2,968,708	\$ 3,197,513	\$ 3,357,920	\$ 3,488,678	\$ 3,353,265	\$ 3,599,630	\$ 3,533,207
Special Education	588,572	639,373	738,644	797,610	898,314	1,013,353	1,022,559	1,049,760
Other Special Education	63,191	201,565	147,883	114,465	141,161	170,678	187,076	132,092
Other Instruction	68,490	53,957	59,366	70,453	76,454	78,592	78,198	77,259
Support Services:								
Tuition	162,376	65,974	43,068	91,597	60,719	65,387	43,250	68,876
Student & Instruction Related Services	725,274	787,845	815,158	895,843	916,512	928,158	971,995	945,907
General & Business Administrative Services	515,204	528,010	540,790	659,019	538,886	546,919	560,355	573,240
School Administration Services	217,883	167,297	178,750	202,483	192,146	191,632	223,234	242,512
Plant Operations & Maintenance	559,506	550,598	558,139	657,183	634,316	720,339	682,359	692,903
Pupil Transportation	392,205	385,280	403,638	439,639	454,186	453,296	437,161	420,495
Interest on Long-Term Debt	114,705	113,500	107,491	98,027	77,789	70,558	65,403	59,390
Total Governmental Activities Expenses	<u>6,159,467</u>	<u>6,462,107</u>	<u>6,790,440</u>	<u>7,384,239</u>	<u>7,479,161</u>	<u>7,592,177</u>	<u>7,871,220</u>	<u>7,795,641</u>
Business-Type Activities:								
Food Services	149,218	149,538	159,912	157,766	161,116	161,139	164,944	142,249
Total Business-Type Activities	<u>149,218</u>	<u>149,538</u>	<u>159,912</u>	<u>157,766</u>	<u>161,116</u>	<u>161,139</u>	<u>164,944</u>	<u>142,249</u>
TOTAL DISTRICT EXPENSES	<u>\$ 6,308,685</u>	<u>\$ 6,611,645</u>	<u>\$ 6,950,352</u>	<u>\$ 7,542,005</u>	<u>\$ 7,640,277</u>	<u>\$ 7,753,316</u>	<u>\$ 8,036,164</u>	<u>\$ 7,937,890</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET ASSETS  
LAST EIGHT FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(Continued)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>PROGRAM REVENUES</b>								
Governmental Activities:								
Operating Grants & Contributions	\$ 143,937	\$ 174,278	\$ 155,160	\$ 204,885	\$ 153,415	\$ 161,014	\$ 272,282	\$ 197,096
Total Governmental Activities Program Revenues	<u>143,937</u>	<u>174,278</u>	<u>155,160</u>	<u>204,885</u>	<u>153,415</u>	<u>161,014</u>	<u>272,282</u>	<u>197,096</u>
Business-Type Activities:								
Charges for Services:								
Food Service	90,568	91,570	118,362	116,428	118,820	115,674	107,787	96,336
Operating Grants & Contributions	18,542	19,450	24,771	22,886	22,279	25,750	30,672	30,000
Total Business-Type Activities Program Revenues	<u>109,110</u>	<u>111,020</u>	<u>143,133</u>	<u>139,314</u>	<u>141,099</u>	<u>141,424</u>	<u>138,459</u>	<u>126,336</u>
TOTAL DISTRICT-PROGRAM REVENUES	<u>\$ 253,047</u>	<u>\$ 285,298</u>	<u>\$ 298,293</u>	<u>\$ 344,199</u>	<u>\$ 294,514</u>	<u>\$ 302,438</u>	<u>\$ 410,741</u>	<u>\$ 323,432</u>
<b>NET (EXPENSE) REVENUES</b>								
Governmental Activities	\$ (6,015,530)	\$ (6,287,829)	\$ (6,635,280)	\$ (7,179,354)	\$ (7,325,746)	\$ (7,431,163)	\$ (7,598,938)	\$ (7,598,545)
Business-Type Activities	<u>(40,108)</u>	<u>(38,518)</u>	<u>(16,779)</u>	<u>(18,452)</u>	<u>(20,017)</u>	<u>(19,715)</u>	<u>(26,485)</u>	<u>(15,913)</u>
TOTAL DISTRICT-WIDE NET EXPENSES	<u>\$ (6,055,638)</u>	<u>\$ (6,326,347)</u>	<u>\$ (6,652,059)</u>	<u>\$ (7,197,806)</u>	<u>\$ (7,345,763)</u>	<u>\$ (7,450,878)</u>	<u>\$ (7,625,423)</u>	<u>\$ (7,614,458)</u>
<b>GENERAL REVENUES &amp; OTHER CHANGES IN NET ASSETS</b>								
Governmental Activities:								
Property Taxes Levied for General Purposes	\$ 4,419,746	\$ 4,776,558	\$ 5,159,288	\$ 5,428,320	\$ 5,645,453	\$ 5,871,271	\$ 6,106,122	\$ 6,271,835
Property Taxes Levied for Debt Service	300,005	217,800	297,410	296,679	294,709	278,059	215,950	215,512
Unrestricted Grants & Contributions	1,148,587	1,236,607	1,302,524	1,536,919	1,567,611	1,255,574	1,248,081	1,078,042
Tuition Income	36,294	16,661	27,266	34,600	103,141	154,310	165,105	126,182
Investment Earnings	14,023	15,963	39,282	55,076	39,032	12,262	5,197	6,775
Miscellaneous Income	21,210	16,912	16,218	11,435	45,035	72,900	87,854	84,943
Operating Transfer	(40,700)	(38,000)	(18,000)	(11,000)	(18,500)	(20,500)	(25,500)	(16,000)
Capital Grants-Unallocated			31,360	16,600				
Special Item-Payment to Refunding Agent				(22,845)				
Total Governmental Activities	<u>5,899,165</u>	<u>6,242,501</u>	<u>6,855,348</u>	<u>7,345,784</u>	<u>7,676,481</u>	<u>7,623,876</u>	<u>7,802,809</u>	<u>7,767,289</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET ASSETS  
LAST EIGHT FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(Continued)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
GENERAL REVENUES & OTHER CHANGES IN NET ASSETS (Cont'd)								
Business-Type Activities:								
Investment Earnings	\$ 481	\$ 533	\$ 1,415	\$ 1,431	\$ 620	\$ 137	\$ 99	\$ 131
Transfers	40,700	38,000	18,000	11,000	18,500	20,500	25,500	16,000
Total Business-Type Activities	<u>41,181</u>	<u>38,533</u>	<u>19,415</u>	<u>12,431</u>	<u>19,120</u>	<u>20,637</u>	<u>25,599</u>	<u>16,131</u>
TOTAL DISTRICT-WIDE	<u>\$ 5,940,346</u>	<u>\$ 6,281,034</u>	<u>\$ 6,874,763</u>	<u>\$ 7,358,215</u>	<u>\$ 7,695,601</u>	<u>\$ 7,644,513</u>	<u>\$ 7,828,408</u>	<u>\$ 7,783,420</u>
CHANGE IN NET ASSETS								
Governmental Activities	\$ (116,365)	\$ (45,328)	\$ 220,068	\$ 166,430	\$ 350,735	\$ 192,713	\$ 203,871	\$ 168,744
Business-Type Activities	1,073	15	2,636	(6,021)	(897)	922	(886)	218
TOTAL DISTRICT	<u>\$ (115,292)</u>	<u>\$ (45,313)</u>	<u>\$ 222,704</u>	<u>\$ 160,409</u>	<u>\$ 349,838</u>	<u>\$ 193,635</u>	<u>\$ 202,985</u>	<u>\$ 168,962</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 FUND BALANCES, GOVERNMENTAL FUNDS,  
 LAST EIGHT FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
General Fund:								
Reserved	\$ 7,407	\$ 22,615	\$ 33,211	\$ 105,453	\$ 433,053	\$ 465,794	\$ 568,020	\$ 545,987
Unreserved	237,633	212,950	285,338	361,418	223,018	203,562	238,276	247,872
Total General Fund	<u>\$ 245,040</u>	<u>\$ 235,565</u>	<u>\$ 318,549</u>	<u>\$ 466,871</u>	<u>\$ 656,071</u>	<u>\$ 669,356</u>	<u>\$ 806,296</u>	<u>\$ 793,859</u>
All Other Governmental Funds:								
Unreserved, Reported In:								
Capital Projects Fund	\$ (284,879)	\$ (264,229)	\$ (175,967)	\$ (146,686)	\$ (73,343)			\$ 146,070
Debt Service Fund	82,060							
Total All Other Governmental Funds	<u>\$ (202,819)</u>	<u>\$ (264,229)</u>	<u>\$ (175,967)</u>	<u>\$ (146,686)</u>	<u>\$ (73,343)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,070</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues:</b>										
Tax Levy	\$ 4,254,835	\$ 4,493,500	\$ 4,719,751	\$ 4,994,358	\$ 5,456,698	\$ 5,724,999	\$ 5,940,162	\$ 6,149,330	\$ 6,322,072	\$ 6,487,347
Tuition Charges	8,505	8,292	36,294	16,661	27,266	34,600	103,141	154,310	165,105	126,182
Interest Earnings	13,283	5,544	14,023	15,963	39,282	55,076	39,032	12,262	5,197	6,775
Miscellaneous	47,619	42,556	21,210	16,912	16,218	11,435	45,035	72,900	87,854	97,213
State Sources	973,951	1,035,655	1,154,033	1,239,778	1,335,639	1,572,176	1,581,990	1,257,539	1,250,052	1,078,078
Federal Sources	110,839	90,293	138,491	171,107	153,405	186,228	139,036	159,049	270,311	184,790
<b>Total Revenues</b>	<b>5,409,032</b>	<b>5,675,840</b>	<b>6,083,802</b>	<b>6,454,779</b>	<b>7,028,508</b>	<b>7,584,514</b>	<b>7,848,396</b>	<b>7,805,390</b>	<b>8,100,591</b>	<b>7,980,385</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	2,027,659	2,013,819	2,004,336	2,144,195	2,363,860	2,323,218	2,455,401	2,466,284	2,616,000	2,525,779
Special Education Instruction	298,883	345,411	435,631	531,064	507,117	453,191	614,661	739,322	698,990	704,935
Other Special Instruction	55,839	70,456	43,468	15,928	74,952	76,902	79,369	112,287	117,588	84,454
Other Instruction	52,923	49,052	51,227	47,500	57,270	68,190	74,434	76,690	76,427	75,481
<b>Support Services:</b>										
Tuition	147,460	106,946	74,533	14,274	5,006	53,535	29,413	35,974	4,000	68,876
Student & Instruction Related Services	509,951	467,126	536,496	567,958	564,726	633,368	643,247	685,502	681,437	689,390
General Administration	255,188	267,581	285,091	258,574	269,524	285,251	289,665	289,152	297,667	285,970
School Administration Services	165,536	169,220	173,451	128,830	137,096	147,245	153,340	159,193	168,036	154,046
Central Services	122,882	131,074	135,713	137,455	144,375	187,501	124,642	129,491	131,659	140,594
Administrative Information Technology				25,873	13,500	10,215	7,045	7,345	4,000	2,395
Plant Operations & Maintenance	433,095	460,421	491,049	497,346	504,380	569,419	568,733	707,954	580,969	571,298
Pupil Transportation	417,619	382,997	392,205	385,280	403,638	439,639	454,186	453,296	437,161	420,495
Employee Benefits	523,368	618,637	697,472	790,879	848,050	945,283	917,177	946,182	1,057,596	1,091,551
On-Behalf TPAF Pension & Soc Sec Contributions	207,394	292,371	374,867	438,674	502,831	733,378	738,576	474,191	515,812	523,392
Capital Outlay	22,398	13,950	20,007	23,293			42,683	157,095	42,577	32,558
Capital Projects			287,264	107,379	65,655	100,248				21,930
Special Revenue Funds	148,663	114,986	143,867	174,278	155,160	204,885	153,415	161,014	272,282	197,096
<b>Debt Service:</b>										
Principal	90,000	95,000	105,000	187,683	190,288	193,343	223,343	213,343	150,000	155,000
Interest & Other Charges	122,010	117,600	112,945	112,177	107,122	103,336	62,393	73,709	65,950	60,512
<b>Total Expenditures</b>	<b>5,600,868</b>	<b>5,716,647</b>	<b>6,364,622</b>	<b>6,588,640</b>	<b>6,914,550</b>	<b>7,528,147</b>	<b>7,631,723</b>	<b>7,888,024</b>	<b>7,918,151</b>	<b>7,805,752</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	(191,836)	(40,807)	(280,820)	(133,861)	113,958	56,367	216,673	(82,634)	182,440	174,633
<b>Other Financing Sources (Uses):</b>										
Capital Leases (Non-Budgeted)				23,293				107,426		
Proceeds from Bond Issue						1,885,000				
Payments to Refunding Bond Escrow Agent						(1,877,845)				
Proceeds from Bond Issue Premium						51,758				
Temporary Note Paid in Debt Service Fund				77,683	75,288		73,343	73,343		
Transfers Out	(26,000)	(23,000)	(40,700)	(38,000)	(18,000)	(11,000)	(18,500)	(20,500)	(45,500)	(41,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(26,000)</b>	<b>(23,000)</b>	<b>(40,700)</b>	<b>62,976</b>	<b>57,288</b>	<b>121,256</b>	<b>54,843</b>	<b>160,269</b>	<b>(45,500)</b>	<b>(41,000)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (217,836)</b>	<b>\$ (63,807)</b>	<b>\$ (321,520)</b>	<b>\$ (70,885)</b>	<b>\$ 171,246</b>	<b>\$ 177,623</b>	<b>\$ 271,516</b>	<b>\$ 77,635</b>	<b>\$ 136,940</b>	<b>\$ 133,633</b>
<b>Debt Service as a Percentage of Non-capital Expenditures</b>	<b>3.95%</b>	<b>3.87%</b>	<b>3.73%</b>	<b>4.87%</b>	<b>4.54%</b>	<b>4.16%</b>	<b>3.91%</b>	<b>3.86%</b>	<b>2.82%</b>	<b>2.86%</b>

Source: District Records

NOTE: Noncapital expenditures are total expenditures less capital outlay, capital projects and debt service.  
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.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 GENERAL FUND-OTHER LOCAL REVENUES BY SOURCE  
 LAST TEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Description	Fiscal Year Ending June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Interest Income	\$ 13,283	\$ 5,544	\$ 11,638	\$ 15,617	\$ 39,263	\$ 55,076	\$ 39,032	\$ 12,262	\$ 5,197	\$ 6,775
Tuition	8,505	8,292	36,294	16,661	27,266	34,600	103,141	154,310	165,105	126,182
Building Use Fees	3,932	4,855	4,198	4,573	4,616	4,600	5,219	5,818	5,350	5,050
Millford Board of Education-Interlocal Government Fees							29,659	51,344	53,514	54,320
Insurance Rebates									3,283	2,962
Prior Year Refunds	12,739	10,378	6,037	1,632	170	1,588	760	4,059	768	
Lost Books and Fines	241	511	330	287	279	455	1,012	190	199	132
Sale of Surplus Equipment									3,300	
Fund 20-Cancellation of Balance (Day Care Program)								3,637		
Consulting Services-Preschool Program									13,875	14,250
E Rate Reimbursements	9,974	10,077	9,835	9,961	9,589	4,772	8,026	7,852	7,564	6,874
Donations	2,689	400	800							
Miscellaneous Other	1,540	114	10	154			359		1	
Medicaid Initiative	82	82								
Accounts Payable Canceled		1,219								
Transportation Fees										405
Sale of Plans & Specifications										950
Outstanding Checks Voided										
		<u>14,920</u>		<u>304</u>	<u>1,564</u>					
Annual Totals	<u>\$ 52,985</u>	<u>\$ 56,392</u>	<u>\$ 69,142</u>	<u>\$ 49,189</u>	<u>\$ 82,747</u>	<u>\$ 101,091</u>	<u>\$ 187,208</u>	<u>\$ 239,472</u>	<u>\$ 258,156</u>	<u>\$ 217,900</u>

Source: District Records

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,  
 LAST TEN FISCAL YEARS

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Vacant Land	\$ 8,674,850	\$ 9,186,750	\$ 8,131,850	\$ 16,302,500	\$ 16,372,100	\$ 14,327,800	\$ 14,132,800	\$ 13,832,800	\$ 13,767,300	\$ 13,492,900
Residential	275,140,190	274,703,190	277,489,190	516,517,300	515,711,800	518,694,600	523,094,200	527,491,700	527,938,000	531,967,900
Farm Regular	61,498,300	68,014,250	69,656,900	139,278,000	139,440,600	141,016,700	141,769,700	140,841,000	141,055,000	138,144,900
Q Farm	3,689,314	3,765,788	3,765,474	3,792,519	4,924,161	5,014,720	5,287,057	5,528,620	5,544,700	5,264,900
Commercial	36,465,260	36,979,160	37,048,060	105,138,342	104,403,461	103,801,561	103,980,461	94,686,561	94,870,161	95,119,461
Industrial	-	-	-	-	-	-	-	-	-	-
Apartment	1,789,700	1,789,700	1,789,700	2,258,400	2,188,600	2,188,600	2,188,600	2,188,600	2,142,700	2,142,700
<b>Total Assessed Value</b>	<b>387,257,614</b>	<b>394,438,838</b>	<b>397,881,174</b>	<b>783,287,061</b>	<b>783,040,722</b>	<b>785,043,981</b>	<b>790,452,818</b>	<b>784,569,281</b>	<b>785,317,861</b>	<b>786,132,761</b>
Public Utilities (a)	1,229,942	968,349	869,123	1,285,305	1,193,212	1,263,700	1,272,179	1,261,509	2,216,404	1,831,762
<b>Net Valuation Taxable</b>	<b>\$ 388,487,556</b>	<b>\$ 395,407,187</b>	<b>\$ 398,750,297</b>	<b>\$ 784,572,366</b>	<b>\$ 784,233,934</b>	<b>\$ 786,307,681</b>	<b>\$ 791,724,997</b>	<b>\$ 785,830,790</b>	<b>\$ 787,534,265</b>	<b>\$ 787,964,523</b>
<b>Estimated Actual County Equalized Value</b>	<b>\$ 499,316,759</b>	<b>\$ 567,218,942</b>	<b>\$ 614,067,265</b>	<b>\$ 704,984,309</b>	<b>\$ 775,407,887</b>	<b>\$ 849,173,621</b>	<b>\$ 843,679,175</b>	<b>\$ 808,335,681</b>	<b>\$ 810,322,624</b>	<b>\$ 809,164,636</b>
<b>Percentage of Net Valuations to Estimated Actual County Equalized Value</b>	<b>77.80%</b>	<b>69.71%</b>	<b>64.94%</b>	<b>111.29%</b>	<b>101.14%</b>	<b>92.60%</b>	<b>93.84%</b>	<b>97.22%</b>	<b>97.19%</b>	<b>97.38%</b>
<b>Total Direct School Tax Rate (b)</b>	<b>\$ 1.158</b>	<b>\$ 1.194</b>	<b>\$ 1.253</b>	<b>\$ 0.695</b>	<b>\$ 0.730</b>	<b>\$ 0.755</b>	<b>\$ 0.776</b>	<b>\$ 0.804</b>	<b>\$ 0.824</b>	<b>\$ 0.839</b>

\*

Source: Municipal Tax Assessor

**NOTE** Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.  
 Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment  
 (a) Taxable Value of Machinery, Implements and Equipments of Telephone and Messenger System Companies  
 (b) Tax rates are per \$100  
 \* Revalued/Reassessed

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 DIRECT AND OVERLAPPING PROPERTY TAX RATES  
 LAST TEN FISCAL YEARS  
 (RATE PER \$100 OF ASSESSED VALUE)

Assessment Year	School District Direct Rate							Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)		Regional School Debt	Overlapping Rates		
			Total Direct School Tax Rate			Municipality	County	
2002	\$ 1.103	\$ 0.055	\$ 1.158	\$ 0.746	\$ 0.322	\$ 0.584		\$ 2.81
2003	1.118	0.076	1.194	0.763	0.327	0.616		2.90
2004	1.198	0.055	1.253	0.900	0.338	0.629		3.12
2005	* 0.657	0.038	0.695	0.454	0.203	0.338		1.69
2006	0.692	0.038	0.730	0.515	0.177	0.353	0.022	1.80
2007	0.718	0.037	0.755	0.457	0.177	0.359	0.024	1.77
2008	0.742	0.035	0.777	0.435	0.180	0.355	0.025	1.77
2009	0.772	0.032	0.804	0.469	0.189	0.354	0.024	1.84
2010	0.796	0.028	0.824	0.453	0.190	0.352	0.024	1.84
2011	0.814	0.025	0.839	0.519	0.190	0.353	0.024	1.93

Sources: Municipal Tax Collector

**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 by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- (a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- (b) Rates for debt service are based on each year's requirements.

\* Revalued/Reassessed

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 PRINCIPAL PROPERTY TAXPAYERS,  
 CURRENT YEAR AND NINE YEARS AGO

	2011			2002		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Texas Eastern Transmission Corp	\$ 42,282,000	1	5.37%	\$ 16,796,600	1	4.32%
The Ridge at Back Brook Road	10,500,000	2	1.33%	3,328,090	2	0.86%
Algonquin Pipe Line Co	8,288,100	3	1.05%	3,111,100	3	0.80%
Bousum/Neely Partnership	2,991,100	4	0.38%	1,002,900	6	0.26%
Buckeye Pipeline Co	2,639,700	5	0.34%			
Southwick Farm LLC	2,263,600	6	0.29%	1,041,100	5	0.27%
Individual Property Owner #1	1,946,600	7	0.25%	857,200	7	0.22%
Jordan, Sidney & T/Z Ifida Realty	1,813,100	8	0.23%			
Hunterdon Storage Inc	1,781,000	9	0.23%	1,298,360	4	0.33%
Individual Property Owner #2	1,770,400	10	0.22%	839,800	8	0.22%
	<u>\$ 76,275,600</u>		<u>9.69%</u>	<u>\$ 28,275,150</u>		<u>7.28%</u>

Source: Municipal Tax Assessor

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
2001	\$ 10,155,969	\$ 9,923,825	97.71%
2002	11,202,083	11,001,893	98.21%
2003	11,588,215	11,393,617	98.32%
2004	12,647,926	12,480,130	98.67%
2005	13,349,821	13,091,895	98.07%
2006	14,254,486	14,024,894	98.39%
2007	14,156,590	13,960,592	98.62%
2008	14,098,240	13,860,768	98.32%
2009	14,486,633	14,207,423	98.07%
2010	14,592,462	14,357,077	98.39%

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

School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality (a) 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.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	Governmental Activities			Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2002	\$ 2,400,000					\$ 2,400,000	0.98%	\$ 532
2003	2,305,000					2,305,000	0.91%	510
2004	2,200,000			\$ 373,000		2,573,000	1.00%	568
2005	2,090,000		\$ 17,049	295,317		2,402,366	0.91%	533
2006	1,975,000		11,633	220,029		2,206,662	0.84%	491
2007	1,885,000		5,954	146,686		2,037,640	0.72%	452
2008	1,735,000			73,343		1,808,343	0.61%	402
2009	1,595,000		32,426			1,627,426	0.55%	363
2010	1,445,000		22,028			1,467,028	0.49%	327
2011	1,290,000		11,136			1,301,136	N/A	290

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

- (a) See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- (b) Includes Early Retirement Incentive Plan (ERIP) refunding

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	General Bonded Debt Outstanding		% of Actual Taxable Value (a) of Property	Per Capita (a)	
	General Obligation Bonds	Deductions			Net General Bonded Debt Outstanding
2002	\$ 2,400,000		\$ 2,400,000	0.62%	\$ 531
2003	2,305,000		2,305,000	0.58%	509
2004	2,200,000		2,200,000	0.55%	488
2005	2,090,000		2,090,000	0.27%	465
2006	1,975,000		1,975,000	0.25%	438
2007	1,885,000		1,885,000	0.24%	419
2008	1,735,000		1,735,000	0.22%	387
2009	1,595,000		1,595,000	0.20%	356
2010	1,445,000		1,445,000	0.18%	322
2011	1,290,000		1,290,000	0.16%	288

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

- (a) See Exhibit NJ J-6 for property tax data.
- (b) Population data can be found in Exhibit NJ J-14.
- \* Revalued/Reassessed

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2010

GOVERNMENTAL UNIT	Gross Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Municipality	\$ 6,429,408	100.00	\$ 6,429,408
Regional High School	22,073,000	7.92	1,779,486
County General Obligation Debt	100,047,622	3.42	3,425,016
Subtotal, Overlapping Debt			11,633,910
School District Direct Debt			1,445,000
Total Direct and Overlapping Debt			<u>\$ 13,078,910</u>

Sources: Assessed Value Data Used to Estimate Applicable Percentages  
    \* Provided by the County Board of Taxation. Debt Outstanding Data  
    Provided by Each Governmental Unit.

Note: Overlapping Governments are those that Coincide, at least in Part, with the Geographic Boundaries of the District. This Schedule Estimates the Portion of the Outstanding Debt of Those Overlapping Governments that is Borne by the Residents and Businesses of the Municipality. This Process Recognizes that, when Considering the District's Ability to Issue and Repay Long-Term Debt, 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 Payment.

(a) For Debt Repaid with Property Taxes, the Percentage of Overlapping Debt Applicable is Estimated Using Taxable Assessed Property Values. Applicable Percentages were Estimated by Determining the Portion of Another Governmental Unit's Taxable Value that is Within the District's Boundaries and Dividing it by Each Unit's Total Taxable Value.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 LEGAL DEBT MARGIN INFORMATION,  
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2011

	Equalized Valuation Basis	
		2010 \$ 806,446,766
		2009 807,751,756
		2008 <u>834,427,128</u>
		<u>\$ 2,448,625,650</u>
	Average Equalized Valuation of Taxable Property	<u>\$ 816,208,550</u>
	Debt Limit (3.0% of Average Equalization Value)	\$ 24,486,256 (a)
	Total Net Debt Applicable to Limit	<u>1,290,000</u>
	Legal Debt Margin	<u>\$ 23,196,256</u>

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 12,135,165	\$ 13,399,470	\$ 15,201,321	\$ 17,102,808	\$ 19,689,474	\$ 21,939,305	\$ 23,836,848	\$ 24,671,896	\$ 23,234,325	\$ 24,486,256
Total Net Debt Applicable	<u>2,400,000</u>	<u>2,678,000</u>	<u>2,573,000</u>	<u>2,385,317</u>	<u>2,195,029</u>	<u>2,031,686</u>	<u>1,808,343</u>	<u>1,595,000</u>	<u>1,290,000</u>	<u>1,290,000</u>
Legal Debt Margin	<u>\$ 9,735,165</u>	<u>\$ 10,721,470</u>	<u>\$ 12,628,321</u>	<u>\$ 14,717,491</u>	<u>\$ 17,494,445</u>	<u>\$ 19,907,619</u>	<u>\$ 22,028,505</u>	<u>\$ 23,076,896</u>	<u>\$ 21,944,325</u>	<u>\$ 23,196,256</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	19.78%	19.99%	16.93%	13.95%	11.15%	9.26%	7.59%	6.46%	5.55%	5.27%

Source: Equalized Valuation Bases were Obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

(a) Limit Set by NJSA 18A:24-19

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population ( a )</u>	<u>Personal Income ( b )</u>	<u>Per Capita Personal Income ( c )</u>	<u>Unemployment Rate ( d )</u>
2002	4,522	\$ 258,251,420	\$ 57,110	2.5%
2003	4,527	265,580,982	58,666	2.7%
2004	4,509	270,165,753	59,917	2.2%
2005	4,498	268,044,816	59,592	2.9%
2006	4,507	289,917,282	64,326	3.3%
2007	4,498	306,556,692	68,154	2.9%
2008	4,482	308,141,982	68,751	3.8%
2009	4,485	293,067,840	65,344	6.8%
2010	4,485	N/A	N/A	7.0%
2011	4,485	N/A	N/A	N/A

Sources:

- ( a ) Population Information Provided by the NJ Dept of Labor and Workforce Development
- ( b ) Personal Income has Been Estimated Based Upon the Municipal Population and Per Capita Personal Income Presented
- ( c ) Per Capita Personal Income by County Estimated Based Upon the 2000 Census Published by the US Bureau of Economic Analysis.
- ( d ) Unemployment Data Provided by the NJ Dept of Labor and Workforce Development

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

Employer	2011			2002		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction:										
Regular	34.0	34.0	35.0	35.2	36.2	36.2	36.1	37.1	38.1	38.1
Special Education	10.0	12.0	16.1	14.0	13.8	14.4	14.8	18.3	17.3	16.3
Other Special Education										
Vocational										
Other Instruction-Aides										
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	9.0	9.0	9.4	9.4	9.4	8.8	9.0	6.8	6.8	6.8
General Administration	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.5	2.5	2.5
School Administration Services	2.4	2.4	2.0	2.0	2.0	2.4	2.4	2.4	2.4	2.4
Other Administrative Services										
Central Services	2.0	2.0	2.0	2.0	2.0	3.0	2.0	2.0	2.0	2.0
Administrative Information Technology										
Plant Operations and Maintenance	6.0	5.5	6.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Pupil Transportation										
Other Support Services										
Special Schools										
Food Service	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0
Child Care										
<b>Total</b>	<b>67.5</b>	<b>69.0</b>	<b>75.1</b>	<b>71.2</b>	<b>72.0</b>	<b>73.4</b>	<b>72.9</b>	<b>75.6</b>	<b>75.6</b>	<b>73.6</b>

Sources: District Personnel Records

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 OPERATING STATISTICS  
 LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures ( a )	Cost Per Pupil	Percentage Change	Teaching Staff ( b )	Teacher Ratio	Average Daily Enrollment (ADE) ( c )	Average Daily Attendance (ADA) ( c )	% Change in Average Daily Enrollment	Student Attendance Percentage
2002	475	\$ 5,366,460	\$ 11,298	5.77%	52.0	1 to 9.13	458.3	439.7	-2.63%	95.94%
2003	483	5,490,097	11,367	0.61%	51.0	1 to 9.47	474.6	457.0	3.56%	96.29%
2004	471	5,839,406	12,398	9.07%	52.0	1 to 9.05	464.3	449.1	-2.17%	96.73%
2005	482	6,158,108	12,776	3.05%	55.0	1 to 8.76	478.0	460.0	2.95%	96.23%
2006	486	6,551,485	13,480	5.51%	54.0	1 to 9.00	485.9	469.1	1.65%	96.54%
2007	494	7,131,220	14,436	7.09%	57.0	1 to 8.66	496.5	486.4	2.18%	97.97%
2008	489	7,303,304	14,935	3.46%	54.0	1 to 9.05	489.6	480.6	-1.39%	98.16%
2009	487	7,443,877	15,285	2.34%	55.0	1 to 8.85	488.6	470.4	-0.20%	96.28%
2010	501	7,659,624	15,289	0.02%	58.0	1 to 8.64	501.3	482.3	2.60%	96.21%
2011	475	7,535,752	15,865	3.77%	57.0	1 to 8.33	475.4	465.5	-5.17%	97.92%

Source: District Records

( a ) Operating Expenditures Equal Total Expenditures Less Debt Service and Capital Outlay.

( b ) Teaching Staff Includes Only Full-Time Equivalents or Certificated Staff.

( c ) Average Daily Enrollment and Average Daily Attendance are Obtained from the School Register Summary (SRS).

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 SCHOOL BUILDING INFORMATION  
 LAST TEN FISCAL YEARS

DISTRICT BUILDING	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>Elementary (1939)</u>										
Square Feet	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500
Capacity (Students)	530.0	530.0	530.0	530.0	530.0	530.0	530.0	530.0	530.0	530.0
Enrollment	483.0	471.0	481.0	486.0	491.0	494.0	489.0	487.0	501.0	475.0
Number of Schools at June 30, 2011:										
Elementary	1									
Middle School	0									
High School	0									
Other	0									

District Facilities Office

Year of Original Construction is shown in Parentheses. Increase in Square Footage and Capacity are the Result of Renovations and Additions. Enrollment is Based on the Annual October District Count.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS

UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES

\*School Facilities

	Amount	Total
2002	\$ 32,029	\$ 32,029
2003	37,887	37,887
2004	48,780	48,780
2005	49,252	49,252
2006	28,695	28,695
2007	56,775	56,775
2008	39,782	39,782
2009	148,187	148,187
2010	57,953	57,953
2011	43,546	43,546
	<hr/>	<hr/>
Total School Facilities	<u>\$ 542,886</u>	<u>\$ 542,886</u>

\* School Facilities as Defined Under EFCFA.  
(NJAC 6A:26-1.2 and NJAC 6A:26A-1.3)

Source: District Records

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2011  
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy-School Alliance Insurance Fund:		
Property-Blanket Building & Contents	\$ 13,169,883	\$ 5,000
Comprehensive General Liability	11,000,000	1,000
Comprehensive Automobile Liability	11,000,000	1,000
Pollution Liability	1,000,000	
Comprehensive Crime Coverage	100,000	
Excess Liability	11,000,000	
Employee Benefits	11,000,000	
Student Accident	5,000,000	
School Board Legal Liability-NJ School Board:		
Directors and Officers Policy	11,000,000	5,000
Workmen's Compensation-School Alliance Insurance Fund	2,000,000	
Public Employees' Faithful Performance-		
School Alliance Insurance Fund:		
Business Admin Bond	200,000	

Source: District Records

**SINGLE AUDIT SECTION**

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

100 Route 31 North  
Washington, NJ 07882 - 1530  
Fax # (908) 689-8388  
(908) 689-5002

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

October 7, 2011

Honorable President and  
Members of the Board of Education  
East Amwell Township School District  
County of Hunterdon, New Jersey

We have audited the financial statements of the Board of Education of the East Amwell School District in the County of Hunterdon as of and for the year ended June 30, 2011, and have issued our report thereon dated October 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these 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 that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

This report is intended solely for the information of the management of the Board of Education and federal and state awarding agencies and pass through entities is not intended to be and should not be used by anyone other than these specified parties.



William M. Colantano, Jr.  
Public School Accountant  
No. CS 0128

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND  
NEW JERSEY OMB CIRCULAR 04-04

October 7, 2011

Honorable President and  
Members of the Board of Education  
East Amwell Township School District  
County of Hunterdon, New Jersey

Compliance

We have audited the compliance of the Board of Education of the East Amwell School District in the County of Hunterdon, with the types of compliance requirements described in the US Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and New Jersey OMB's Circular 04-04 that are applicable to its major federal and state programs for the year ended June 30, 2011. The Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Board of Education's management. Our responsibility is to express an opinion on the Board of Education'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; the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid;" and OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations". Those Standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education'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 of Education's compliance with those requirements.

In our opinion the Board of Education 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, 2011.

## Internal Control Over Compliance

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

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

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

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

This report is intended for the information of the Board of Education, the New Jersey State Department of Education (the cognizant audit agency) and other state and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

  
William M. Colantano, Jr.  
Public School Accountant  
No. CS 0128

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS-SCHEDULE A  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2010		Cash Received	Budgetary Expenditure	Adjustment	Repay of Prior Year Balance	Balance June 30, 2011		
					(Acct Rec) Def Revenue	Carryover Amount					Accounts Receivable	Deferred Revenue	Due to Grantor
US Department of Education Passed Through State Department of Education: General Fund:													
Education Jobs Fund	84 410A	ARRA	\$ 27,762	08/10/10-09/30/12									
					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Revenue Fund:													
NCLB IA	84 010A	NCLB-116011	17,829	09/01/10-08/31/11			4,384	8,115			(13,445)	9,714	
NCLB IIA	84 367A	NCLB-116011	16,837	09/01/10-08/31/11			4,381	14,837			(12,456)	2,000	
NCLB IIA	84.367A	NCLB-116009	12,612	09/01/08-08/31/09	(925)		925						
NCLB IIA	84 367A	NCLB-116010	13,153	09/01/09-08/31/10	(2,999)		5,698	2,699					
NCLB IID	84 318X	NCLB-116011	38	09/01/10-08/31/11			38	38					
NCLB IV	84 186A	NCLB-116010	775	09/01/09-08/31/10			775	775					
REAP	84 358B	S358A-101988	45,997	07/01/10-09/30/11				16,444			(45,997)	29,553	
REAP	84 358B	S358A-091988	46,663	07/01/09-09/30/10	(2,086)		42,283	44,577			(4,380)		
IDEA Basic	84 027	IDEA-116011	101,815	09/01/10-08/31/11			81,883	90,914			(19,932)	10,901	
IDEA Basic	84 027	IDEA-116010	98,456	09/01/09-08/31/10	(9,845)		9,845						
IDEA Pre School	84 173	IDEA-116011	6,391	09/01/10-08/31/11			5,692	6,391			(699)		
IDEA Pre School	84 173	IDEA-116010	6,208	09/01/09-08/31/10	(622)		622						
Total Special Revenue Fund					(16,477)	-	156,526	184,790	-	-	(96,909)	52,168	-
US Department of Agriculture Passed Through State Department of Education: Enterprise Fund:													
Food Distribution Program	10 550-	N/A	8,325	07/01/10-06/30/11			8,325	7,537				788	
Food Distribution Program	10 550-	N/A	9,280	07/01/09-06/30/10	995			995					
National School Lunch Program	10 555-	N/A	19,963	07/01/10-06/30/11			15,729	19,963			(4,234)		
National School Lunch Program	10 555-	N/A	19,637	07/01/09-06/30/10	(1,953)		1,953						
Total Enterprise Fund					(958)	-	26,007	28,495	-	-	(4,234)	788	-
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ (17,435)	\$ -	\$ 182,533	\$ 213,285	\$ -	\$ -	\$ (101,143)	\$ 52,956	\$ -

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE SCHEDULE B  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance	Cash Received	Budgetary Expenditure	Repayment of Prior Year Balance	Balance June 30, 2011			Memo	
				6/30/2010 (Acct Rec) Def Revenue				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
<u>State Department of Education</u>												
General Fund:												
Transportation Aid	11-495-034	\$ 164,463	07/01/10-									
	-5120-014		06/30/11		\$ 148,036	\$ 164,463		\$ (16,427)			\$ (16,427)	\$ 164,463
Transportation Aid	10-495-034	159,318	07/01/09-									
	-5120-014		06/30/10	\$ (19,335)	19,335							
Special Education Aid	11-495-034	274,504	07/01/10-									
	-5120-089		06/30/11		247,085	274,504		(27,419)			(27,419)	274,504
Special Education Aid	10-495-034	270,692	07/01/09-									
	-5120-089		06/30/10	(32,852)	32,852							
Security Aid	11-495-034	38,690	07/01/10-									
	-5120-084		06/30/11		34,825	38,690		(3,865)			(3,865)	38,690
Security Aid	10-495-034	36,329	07/01/09-									
	-5120-084		06/30/10	(4,409)	4,409							
Adjustment Aid	10-495-034	223,924	07/01/09-									
	-5120-085		06/30/10	(27,176)	27,176							
NP Transportation Aid	11-495-034	4,872	07/01/10-									
	-5120-014		06/30/11			4,872		(4,872)			(4,872)	4,872
NP Transportation Aid	10-495-034	4,651	07/01/09-									
	-5120-014		06/30/10	(4,651)	4,651							
Extraordinary Special Education Costs Aid	11-100-034	36,060	07/01/10-									
	-5120-473		06/30/11			36,060		(36,060)			(36,060)	36,060
Extraordinary Special Education Costs Aid	10-495-034	42,003	07/01/09-									
	-5120-473		06/30/10	(42,003)	42,003							
Reimbursement TPAF Soc Sec Contribution	11-495-034	268,565	07/01/10-									
	-5095-002		06/30/11		255,193	268,565		(13,372)			(13,372)	268,565
TPAF-Post Retirement Medical	11-495-034	243,369	07/01/10-									
	-5095-001		06/30/11		243,369	243,369						243,369
TPAF-Noncontributory Insurance	11-495-034	11,458	07/01/10-									
	-5095-007		06/30/11		11,458	11,458						11,458
<b>Total General Fund</b>				<u>(130,426)</u>	<u>1,070,392</u>	<u>1,041,981</u>	<u>\$ -</u>	<u>(102,015)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(102,015)</u>	<u>1,041,981</u>
Special Revenue Fund:												
Character Education	06-495-034	4,000	07/01/05-									
	-5120-053		06/30/06	353		36			317			3,683
Non Public Services:	01-100-034	3,557	07/01/00-									
Examination & Classification	-5120-066		06/30/01	3,557			(3,557)					
<b>Total Special Revenue</b>				<u>3,910</u>	<u>-</u>	<u>36</u>	<u>(3,557)</u>	<u>-</u>	<u>317</u>	<u>-</u>	<u>-</u>	<u>3,683</u>
<u>State Department of Agriculture Enterprise Fund:</u>												
Enterprise Fund												
National School Lunch Program (St Share)	10-100-010	1,672	07/01/09-									
	-3350-023		06/30/10	(162)	162							
National School Lunch Program (St Share)	11-100-010	1,505	07/01/10-									
	-3350-023		06/30/11		1,116	1,505		(389)			(389)	1,505
<b>Total Enterprise Fund</b>				<u>(162)</u>	<u>1,278</u>	<u>1,505</u>	<u>-</u>	<u>(389)</u>	<u>-</u>	<u>-</u>	<u>(389)</u>	<u>1,505</u>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>				<u>\$ (126,678)</u>	<u>\$ 1,071,670</u>	<u>\$ 1,043,522</u>	<u>\$ (3,557)</u>	<u>\$ (102,404)</u>	<u>\$ 317</u>	<u>\$ -</u>	<u>\$ (102,404)</u>	<u>\$ 1,047,169</u>

SEE ACCOMPANYING NOTES TO SCHEDULE OF FINANCIAL ASSISTANCE

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2011

**NOTE 1 GENERAL**

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, East Amwell Township School District. The Board of Education is defined in Note 1 (A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the schedule of federal financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules of financial assistance 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 Notes 1 (C) and 1 (D) to the Board's financial statements.

**NOTE 3. RELATIONSHIP OF FINANCIAL STATEMENTS**

The financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to PL 2003, Ch 97 (A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferred and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$36,061 for the general fund and \$-0- 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.

Financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,078,042	\$ 1,078,042
Special Revenue Fund	\$ 184,790	36	184,826
Food Service Fund	<u>28,495</u>	<u>1,505</u>	<u>30,000</u>
	<u>\$ 213,285</u>	<u>\$ 1,079,583</u>	<u>\$ 1,292,868</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2011  
(Continued)

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5. OTHER**

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2011. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.



EAST AMWELL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Federal Awards (Cont'd)

NOT APPLICABLE

Dollar Threshold used to Distinguish Between  
Type A and Type B Programs:

\_\_\_\_\_

Auditee qualified as a low-risk auditee

\_\_\_\_\_ Yes \_\_\_\_\_ No

State Awards

Dollar Threshold used to Distinguish Between  
Type A and Type B Programs:

\_\_\_\_\_ \$ 300,000 \_\_\_\_\_

Auditee Qualified as low-risk auditee

X Yes \_\_\_\_\_ No

Type of Auditor's Report Issued on Compliance  
for Major Programs:

\_\_\_\_\_ Unqualified \_\_\_\_\_

Internal Control Over Major Programs:

1. Material weakness(es) identified?

\_\_\_\_\_ Yes X No

2. Reportable conditions identified  
that are not considered to be material  
weaknesses?

\_\_\_\_\_ Yes X No

Any Audit Findings Disclosed that are Required  
to be Reported in Accordance with NJ OMB  
Circular Letter 04-04?

\_\_\_\_\_ Yes X No

Identification of Major Programs:

<u>GMIS Numbers</u>	<u>Amount</u>	<u>Name of State Program</u>
11-495-034-5095-002	\$ 268,565	Social Security Reimbursement
11-495-034-5120-089	274,504	Special Education Aid

EAST AMWELL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2011.

SECTION III-FEDERAL AWARDS AND STATE FINANCIAL  
ASSISTANCE FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs for the year ended June 30, 2011.

EAST AMWELL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior year findings or questioned costs.