

BOROUGH OF EDGEWATER SCHOOL DISTRICT

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FISCAL YEAR ENDED
JUNE 30, 2011**

OUTLINE OF CAFR

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	2
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8
FINANCIAL SECTION	
Independent Auditor's Report	10
REQUIRED SUPPLEMENTARY INFORMATION - PART I	
Management's Discussion and Analysis.....	13
BASIC FINANCIAL STATEMENTS	
A. District-Wide Financial Statements:	
A-1 Statement of Net Assets	26
A-2 Statement of Activities	27
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	30
B-2 Statement of Revenues, Expenditures and Changes in Fund Balance.....	31
B-3 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	32
Proprietary Funds:	
B-4 Statement of Net Assets	34
B-5 Statement of Revenues, Expenses and Changes in Fund Net Assets	35
B-6 Statement of Cash Flows	36
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	38
B-8 Statement of Changes in Fiduciary Net Assets	39
Notes to Financial Statements	41
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule - General Fund.....	60
C-2 Budgetary Comparison Schedule - Special Revenue Fund	72

**OUTLINE OF CAFR
(Continued)**

	Page
Notes to Required Supplementary Information	
C-3 Budget-to-GAAP Reconciliation.....	74
Other Supplementary Information	
D. School Level Schedules:	
D-1 Combining Balance Sheet.....	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
D-4 Schedule of DEOA Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues and Expenditures - Budgetary Basis	78
E-2 Preschool Education Schedule of Expenditures – Budgetary Basis	81
F. Capital Projects Fund:	
F-1 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance	83
F-1a Schedule of Project Revenues, Expenditures, Project Status, and Project Balance - Budgetary Basis – Construction of a New Elementary School and Installation of Solar panels at the Eleanor Van Gelder School	84
F-1b Schedule of Project Revenues, Expenditures, Project Status, and Project Balance - Budgetary Basis – Eleanor Van Gelder School Roof Repl. ...	85
F-1c Schedule of Project Revenues, Expenditures, Project Status, and Project Balance - Budgetary Basis – Construction, Renovation and Improvements to Eleanor Van Gelder School	86
F-1d Schedule of Project Revenues, Expenditures, Project Status, and Project Balance - Budgetary Basis - Construction, Renovation and Improvements to Eleanor Van Gelder School	87
F-2 Schedule of Bond Anticipation Notes Payable	88
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Food Service – Enterprise Fund Statement of Net Assets.....	91
G-2 Food Service – Enterprise Fund Statement of Revenues, Expenses and Changes in Fund Net Assets	92
G-3 Food Service – Enterprise Fund Statement of Cash Flows.....	93
Internal Service Fund:	
G-4 Combining Statement of Net Assets	N/A
G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	N/A
G-6 Combining Statement of Cash Flows	N/A

**OUTLINE OF CAFR
(Continued)**

	Page
H. Fiduciary Fund:	
H-1 Combining Statement of Net Assets	96
H-2 Combining Statement of Change in Net Assets	97
H-3 Student Activity Agency Fund Statement of Activity	98
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	99
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds.....	101
I-2 Schedule of Obligations Under Capital Leases	103
I-3 Debt Service Fund Budgetary Comparison Schedule	104
 Introduction to the Statistical Section	
 Financial Trends	
J-1 Net Assets by Component	107
J-2 Net Assets by Component	108
J-3 Net Assets by Component	110
J-4 Change in Fund Balances - Governmental Funds.....	111
J-5 General Fund - Local Revenue by Source.....	112
 Revenue Capacity	
J-6 Assessed Value and Estimated Actual Value of Taxable Property.....	114
J-7 Direct and Overlapping Tax Rates.....	115
J-8 Principal Property Taxpayers	116
J-9 Property Tax Levies and Collections.....	117
 Debt Capacity	
J-10 Ratios of Outstanding Debt by Type	119
J-11 Ratio of Net General Bonded Debt Outstanding.....	120
J-12 Ratios of Overlapping Activities of Debt.....	121
J-13 Legal Debt Margin Information.....	122
 Demographic and Economic Information	
J-14 Demographic and Economic Statistics	124
J-15 Principal Employers	125
 Operating Information	
J-16 Full-Time Equivalent District Employees by Function/Program	127
J-17 Operating Statistics	128
J-18 School Building Information	129
J-19 Schedule of Required Maintenance by School Facilities	130
J-20 Insurance Schedule	131

OUTLINE OF CAFR
(Continued)

STATISTICAL SECTION (Unaudited)

Page

SINGLE AUDIT SECTION

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	133
K-2	Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04	135
K-3	Schedule of Expenditures of Federal Awards, Schedule A	137
K-4	Schedule of Expenditures of State Awards, Schedule B	138
K-5	Notes to the Schedules of Expenditures of Awards and Financial Assistance ..	139
K-6	Schedule of Findings and Questioned Costs	141
K-7	Summary Schedule of Prior Year Audit Findings	144

INTRODUCTORY SECTION

EDGEWATER BOARD OF EDUCATION

AUDREY I. MIOLI, R.S.B.A.
Business Administrator/ Board Secretary

251 Undercliff Avenue
Edgewater, NJ 07020
Tel. (201) 945-4106 * Fax (201) 840-9732

November 7, 2011

The Honorable President and Members of
the Board of Education
Borough of Edgewater School District
County of Bergen, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Borough of Edgewater School District (the "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 (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, is included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Borough of Edgewater School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Edgewater Public School System including the Eleanor Van Gelder Elementary School and the George Washington School constitute the District's reporting entity.

2) EDUCATIONAL PROGRAM: The Edgewater Public School System is comprised of one elementary school (Special Education Pre-K to Grade 6), serving approximately 676 students. The public school is accredited by the New Jersey State Department of Education. The District is served by 53 (FTE) teachers and 3 (FTE) administrators. Approximately 60% of the faculty has earned masters degrees.

The Honorable President and Members of
the Board of Education
Borough of Edgewater School District
Page 2
November 7, 2011

The District provides a full range of educational services appropriate to levels Pre-K through Grade 6. These include reading, language arts, social studies, mathematics, science, computer education, remedial instruction, special education, resource room instruction, family life, physical and health education, career education, world languages and enrichment. The curriculum is aligned with the New Jersey Core Curriculum Content Standards, the Common Core Standards as required and that of the Leonia Public School System where Edgewater students attend Grades 7-12.

The Edgewater School District's Spring 2011 results for Language Arts Literacy (LAL) and Mathematics are as follows:

	<u>Language Arts Literacy (LAL)</u>			<u>Mathematics</u>		
	<u>Advanced Proficient</u>	<u>Proficient</u>	<u>Partially Proficient</u>	<u>Advanced Proficient</u>	<u>Proficient</u>	<u>Partially Proficient</u>
Grade 3	7.2%	60.8%	32%	51.0%	37.3%	11.8%
Grade 4	21%	53.2%	25.8%	55.9%	29.4%	14.7%
Grade 5	4.5%	65.2%	30.3%	51.5%	40.9%	7.6%
Grade 6	16.1%	66.1%	17.9%	43.1%	44.8%	12.1%

The District completed the 2010-2011 fiscal year with Pre-K through Grade 6 enrollment of 628 students and Grade 7-12 enrollment of 320 students in Leonia Public Schools, for an overall total of 948 students, which is an increase of 65 students from the previous year's enrollment.

The following table details the changes in the District's average daily enrollment for grade levels Pre-K through 6 as of October 15 over the last five years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	
	<u>Pre K-6 Enrollment</u>	<u>Percent Change</u>
2010-2011	618	1.04%
2009-2010	593	22.1%
2008-2009	486	9.21%
2007-2008	445	6.97%
2006-2007	416	1.22%

3) ECONOMIC CONDITIONS AND OUTLOOK: The District's primary funding source is property tax revenue. The budget for fiscal year 2010-11 was passed. Overall tax revenue for the General Fund was increased for the 2010-11 school year, but the projected increase in expenditures from inflationary pressures and the enrollment growth has outpaced the additional revenue. As a result, the District, along with many other public school systems in the State, faces some difficult economic situations in the future. The District's administration continues to closely monitor the cost of operations and continues to look for innovative ways to cut costs in addition to finding new funding sources in order to maintain the quality educational services that the District has been accustomed to providing.

4) MAJOR INITIATIVES: Specific initiatives for the 2010-2011 school year include the following accomplishments:

- Continuation of after school Mentoring Program
 - Curriculum articulation continued between Edgewater and Leonia Schools
 - Implemented "push in" math program of special education students in the regular education classrooms
 - Continuation of NJ ASK enrichment classes after school
 - Continuation of after-school clubs to include scholarships for economically disadvantaged
 - Modified school-wide Bullying Policy
 - Continuation of school wide Conflict Resolution Program
 - Provided staff with both in-and-out of district professional development workshops
 - Continued to expand our technology program by purchasing additional hardware and software
- Addition of first and third grade classroom

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

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

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

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

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

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

8) DEBT ADMINISTRATION: At June 30, 2010, the District had \$33,733,000 in outstanding statutory debt, comprised entirely of school bonds to improve District facilities, and \$481 of debt authorized but not issued.

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

10) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

The Board is a member of the New Jersey School Boards Association Insurance Group (the "Group"). The Group is a risk-sharing public entity risk fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to its members. Additional information on the Group is included in the "Notes to the Basic Financial Statements", Note 10.

11) OTHER INFORMATION:

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

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

Respectfully submitted,

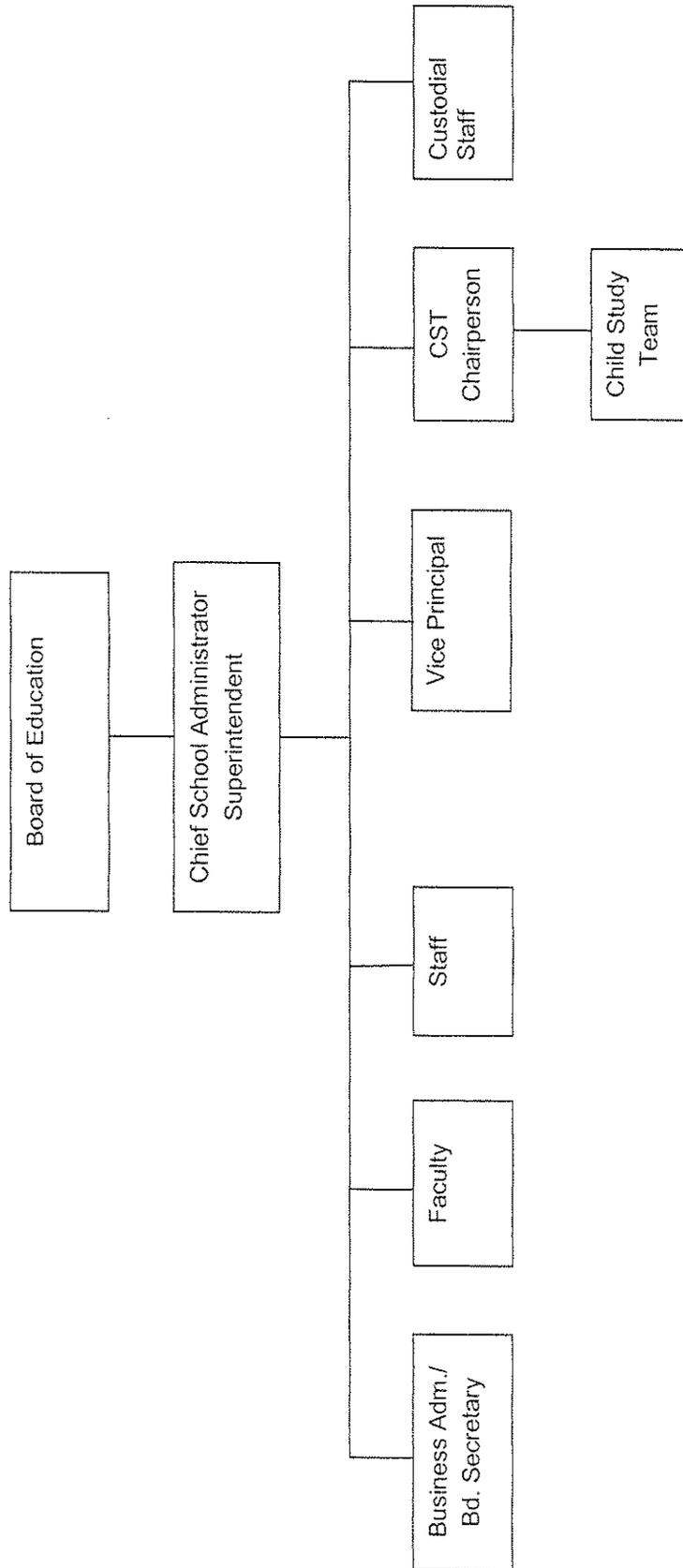


Dr. Lorraine Cella
Chief School Administrator



Audrey I. Mioli
Business Administrator/Board Secretary

BOROUGH OF EDGEWATER SCHOOL DISTRICT
ORGANIZATIONAL CHART



**BOROUGH OF EDGEWATER SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2011**

Members of the Board of Education

	<u>Term Expires</u>
Thomas Quinton, President	2014
Stephen Gross, Vice President	2012
Patricia Dalton	2013
Irene Pynn	2014
Cristina Stefani-Rackow	2012

Other Officials

	<u>Title</u>
Dr. Lorraine Cella	Chief School Administrator
Audrey I. Mioli	School Business Administrator/Board Secretary
Joseph Iannaconi, Jr.	Treasurer of School Monies
Anthony P. Sciarrillo	Board Attorney

BOROUGH OF EDGEWATER SCHOOL DISTRICT
Consultants and Advisors

Attorney

Anthony P. Sciarrillo
Counselor at Law
53 Cardinal Drive
P.O. Box 2369
Westfield, NJ 07091-2369

Audit Firm

McEnerney, Brady and Company LLC
293 Eisenhower Parkway Suite 270
Livingston, NJ 07039

Official Depositories

TD Bank
1400 Palisade Avenue
Fort Lee, NJ 07024

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

The Honorable President and Members
of the Board of Education
Borough of Edgewater School District
County of Bergen
Edgewater, New Jersey 07020

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 Borough of Edgewater School District, in the County of Bergen, State of New Jersey, as of and for the 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 Borough of Edgewater School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

The financial statements of the School District for the year ended June 30, 2010 were audited by other auditors' whose report dated November 30, 2010 expressed an unqualified opinion.

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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Edgewater School District, in the County of Bergen, State of New Jersey, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2011 on our consideration of the Borough of Edgewater 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.

293 Eisenhower Parkway, Livingston, NJ 07039
(973) 535-2880

832 McLean Avenue, Yonkers, NY 10704
(914) 237-3676

The Management Discussion and Analysis and Budgetary Comparison Information on pages 13 through 23 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Edgewater 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 information, 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 information 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*; and NJ OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, 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.

McEnerney, Brady & Company, LLC

McEnerney, Brady & Company, LLC
Certified Public Accountants

John Lauria

John Lauria, RMA
Licensed Public School Accountant #208700

Livingston, New Jersey
November 7, 2011

REQUIRED SUPPLEMENTARY INFORMATION - PART I

**BOROUGH OF EDGWATER SCHOOL DISTRICT
EDGEWATER, NEW JERSEY**

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

This section of Borough of Edgewater School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's net assets increased by \$287,760.
- Overall revenue was \$16,187,576.
- Actual local revenue was \$84,861 higher than expected, primarily due to miscellaneous revenue.
- Overall expenses were \$15,888,135.
- Pre-K through grade 6 student enrollment in the District reflects marked growth while expenditures increased 7.48%.
- Capital outlay expenditures during the year totaled \$4,794,382 for the new referendum project approved by the voters of the District on December 8, 2009 which authorized the construction of a new elementary school and installation of solar panels at the Eleanor Van Gelder School.

Overview of the Financial Statements

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

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

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

BOROUGH OF EDGEWATER SCHOOL DISTRICT
EDGEWATER, NEW JERSEY

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

Figure A-1
Organization of the Board of Education of the Borough of Edgewater's Financial Report

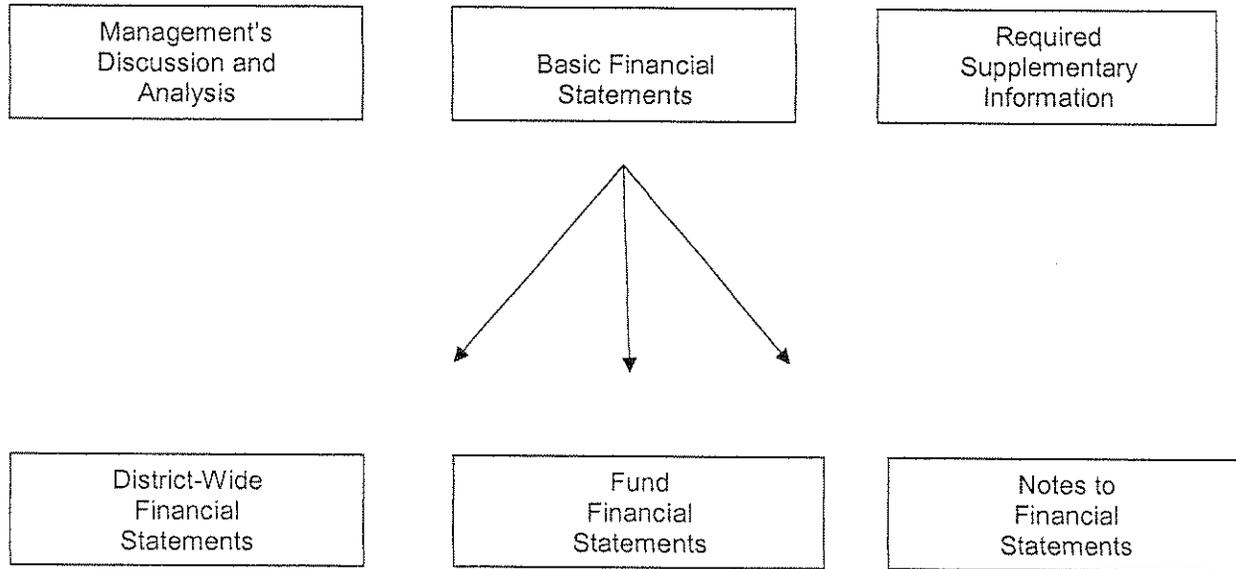


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

**BOROUGH OF EDGWATER SCHOOL DISTRICT
EDGEWATER, NEW JERSEY**

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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

**BOROUGH OF EDGWATER SCHOOL DISTRICT
EDGEWATER, NEW JERSEY**

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

**BOROUGH OF EDGWATER SCHOOL DISTRICT
EDGEWATER, NEW JERSEY**

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

Fund Financial Statements

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The *internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.
- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

Net Assets. The District's *combined* net assets at June 30, 2011 were \$9,056,684, which represents an increase of \$299,226 or 3.42% from the previous year. Net assets from governmental activities increased \$287,760 and net assets from business-type activities increased \$11,466. Net assets invested in capital assets (net of related debt) increased \$329,494, restricted net assets increased \$22,523,634, and unassigned net assets decreased (\$22,553,902). (See in Figure A-3).

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2010/11
	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	
Current and							
Other Assets	\$ 29,726,753	\$ 33,375,834	\$ 60,851	\$ 50,284	\$ 29,787,604	\$ 33,426,118	
Capital Assets, Net	15,743,939	11,206,847	2,263	2,479	15,746,202	11,209,326	
Total Assets	45,470,692	44,582,681	63,114	52,763	45,533,806	44,635,444	2.01%
Long-Term Debt							
Outstanding	33,996,571	34,551,369	-	-	33,996,571	34,551,369	
Other Liabilities	2,480,550	1,325,501	-	1,115	2,480,550	1,326,616	
Total Liabilities	36,477,121	35,876,870	-	1,115	36,477,121	35,877,985	1.27%
Net Assets:							
Invested in Capital Assets							
Net of Related Debt	5,518,375	5,188,665	2,263	2,479	5,520,638	5,191,144	
Restricted	26,012,480	3,488,846	-	-	26,012,480	3,488,846	
Unassigned	(22,537,284)	28,300	60,851	49,169	(22,476,433)	77,469	
Total Net Assets	\$ 8,993,571	\$ 8,705,811	\$ 63,114	\$ 51,648	\$ 9,056,685	\$ 8,757,459	3.42%

**BOROUGH OF EDGWATER SCHOOL DISTRICT
EDGEWATER, NEW JERSEY**

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

Changes in Net Assets. Net assets from governmental activities increased \$287,760 and net assets from business-type activities increased \$11,465. Net assets invested in capital assets, net of related debt, increased \$329,494 due to \$587,000 of governmental activities debt retired, offset by \$257,290 and \$216 in current year depreciation related to governmental activities and business-type activities, respectively. Restricted net assets increased by \$22,523,434. This is primarily the result of the unexpended costs of the construction of the new elementary school at June 30, 2011. This balance will continue to be reduced as the construction proceeds. Debt service balance increased due to interest earned on the proceeds of the 2009 bond sale and an increase in the tax levy. Unassigned net assets decreased because of the GAAP accounting requirement relating to capital projects and fixed assets and when they begin to be depreciated. The unassigned balance will increase as the restricted fund balance for capital projects decreases.

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

	Governmental Activities		Business-Type Activities		Total School District		Total
	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	Percentage Change 2010/11
Revenue:							
Program Revenue							
Charges for Services	\$ -	\$ 66,649	\$ 130,444	\$ 130,764	\$ 130,444	\$ 197,413	
Grants and Contributions:							
Operating	791,842	1,788,783	57,760	54,833	849,602	1,843,616	
General Revenue:							
Property Taxes	14,547,018	12,405,199			14,547,018	12,405,199	
Federal and State Aid							
Not Restricted	494,951	112,011			494,951	112,011	
Other	165,491	154,402	70	94	165,561	154,496	
Total Revenues	15,999,302	14,527,044	188,274	185,691	16,187,576	14,712,735	10.02%
Expenses:							
Instruction	4,416,842	4,442,481			4,416,842	4,442,481	
Pupil and Instruction Services	7,194,992	6,897,045			7,194,992	6,897,045	
Administrative and Business	892,060	910,512			892,060	910,512	
Maintenance and Operations	695,498	758,260			695,498	758,260	
Transportation	929,443	925,277			929,443	925,277	
Other	1,582,707	676,624	176,809	172,402	1,759,516	849,026	
Total Expenses	15,711,542	14,610,199	176,809	172,402	15,888,351	14,782,601	7.48%
Increase/(Decrease) in Net Assets	<u>\$ 287,760</u>	<u>\$ (83,155)</u>	<u>\$ 11,465</u>	<u>\$ 13,289</u>	<u>\$ 299,225</u>	<u>\$ (69,866)</u>	

**BOROUGH OF EDGWATER SCHOOL DISTRICT
EDGEWATER, NEW JERSEY**

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

Revenue Sources. The District's total revenue for the 2010/11 school year was \$16,187,576 (See Figure A-5). Property taxes and aid accounted for most of the District's revenue, with local taxes accounting for \$14,547,018 of the total, or 89.9%. Another 8.4% came from federal and state categorical grants and the remaining 1.7% came from miscellaneous sources and charges for services.

**Figure A-5
Sources of Revenue for Fiscal Year 2011 and 2010**

	2011		2010	
	Amount	Percentage	Amount	Percentage
<i>Sources of Income:</i>				
Property Taxes	\$ 14,547,018	89.9%	\$ 12,405,199	84.32%
Federal and State Aid	1,358,265	8.4%	1,955,627	13.29%
Charges for Services	130,444	.8%	197,413	1.34%
Other	151,849	.9%	154,496	1.05%
Total Revenues	\$ 16,187,576	100.00%	\$ 14,712,735	100.00%

The total cost of all programs and services was \$15,888,135. The District's expenses are predominantly related to instructing, caring for (pupil and instruction services) and transporting students (78.9 percent) (See Figure A-6). The District's administrative and business activities accounted for 5.6 percent of total costs. The most significant contributors to the cost of maintenance and operations were higher energy costs (including fuel) and insurance. It is important to note that other expenses include \$257,290 of depreciation on the District's capital assets.

**Figure A-6
Expenses for Fiscal Year 2011 and 2010**

	2011		2010	
	Amount	Percentage	Amount	Percentage
<i>Expense Category:</i>				
Instruction	\$ 4,416,842	27.8%	\$ 4,442,481	30.05%
Pupil and Instruction Services	7,194,992	45.3%	6,897,045	46.66%
Administrative and Business	892,060	5.6%	910,512	6.16%
Maintenance and Operations	695,498	4.4%	758,260	5.13%
Transportation	929,443	5.8%	925,277	6.26%
Other	1,759,300	11.1%	849,026	5.74%
Total Expenses	\$ 15,888,135	100.00%	\$ 14,782,601	100.00%

**BOROUGH OF EDGWATER SCHOOL DISTRICT
EDGEWATER, NEW JERSEY**

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

Governmental Activities

The financial position of the District remains strong. Maintaining existing programs with increased regular pupil enrollment and the provision of a multitude of special programs and services for disabled pupils place great demands on the District's resources. In recent years, numerous veteran teachers have retired and have been replaced by teachers of less experience. Such changes have generated significant salary savings, but these have not been sufficient enough to offset increased enrollment, increased special education programs and increased health benefit costs.

It is crucial that the District examine and monitor its expenditures carefully. Increasing parental and student demands for new activities and programs must be evaluated thoroughly.

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

**Figure A-7
Net Cost of Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	2010/2011	2009/2010	2010/2011	2009/2010
Instruction	\$ 4,416,842	\$ 4,442,481	\$ 3,754,706	\$ 3,305,829
Pupil and Instruction Services	7,194,992	6,897,045	7,084,395	6,466,710
Administrative and Business	892,060	910,512	872,951	889,705
Maintenance and Operations	695,498	758,260	695,498	758,260
Transportation	929,443	925,277	929,443	688,089
Other	1,582,707	676,624	1,582,707	646,174
Total Net Cost of Governmental Activities	<u>\$ 15,711,542</u>	<u>\$ 14,610,199</u>	<u>\$ 14,919,700</u>	<u>\$ 12,754,767</u>

- The cost of all governmental activities this year was \$15,711,542.
- The federal and state governments subsidized certain governmental activities programs with grants, state aid and contributions \$1,300,505.
- Most of the District's governmental activities costs \$14,547,018, however, were financed by District taxpayers.
- The remainder of the funding came from charges for services (tuition), miscellaneous revenue and investment earnings less a cancellation of a state EDA grant which resulted in net revenue of \$151,779.

**BOROUGH OF EDGWATER SCHOOL DISTRICT
EDGEWATER, NEW JERSEY**

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

Business-Type Activities

Net assets from the District's business-type activity increased \$11,465 (Refer to Figure A-4). Food service program revenue and expenses increased uniformly.

Financial Analysis of the District's Funds

The District's financial position has decreased only slightly despite changes in the student population and difficult economic times which have had a direct impact upon the District's revenue sources. Interest from investments declined significantly this year due to lower interest rates. Ratables in the municipality have been growing and could help to support potential increases in the local tax levy in the future. In order to maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

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

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- The preparation of the 2010/2011 budget was difficult as a result of rising costs and the state mandated budget CAP. This resulted in the need for numerous line item transfers during the year.

Capital Asset and Debt Administration

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	Change 2010/11
Sites (Land)	\$ 168,700	\$ 168,700			\$ 168,700	\$ 168,700	
Construction in Progress	5,243,591	989,385			5,243,591	989,385	
Site Improvements	707,428	195,517			707,428	195,517	
Building and Building Improvements	9,621,450	9,847,083			9,621,450	9,847,083	
Machinery and Equipment	2,770	6,162	2,263	2,479	5,033	8,641	
Total Capital Assets, Net of Depreciation	\$ 15,743,939	\$ 11,206,847	\$ 2,263	\$ 2,479	\$ 15,746,202	\$ 11,209,326	40.47%

**BOROUGH OF EDGWATER SCHOOL DISTRICT
EDGEWATER, NEW JERSEY**

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

Capital Asset and Debt Administration

During the 2010/11 school year, the District expended \$4,794,382 for the new referendum project for the construction of a new elementary school and installation of solar panels at the Eleanor Van Gelder School. Current year depreciation for the governmental activities and business-type activities was \$257,290 and \$216, respectively. (More detailed information about the District's capital assets is presented in Note 6 to the Basic Financial Statements).

Long-term Debt

At year-end, the District had \$33,733,000 in general obligation bonds a decrease of \$587,000 from last year -as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 7 to the Basic Financial Statements).

**Figure A-9
Outstanding Long-Term Debt**

	Total School District		Percentage Change 2010/11
	2010/11	2009/10	
General Obligation Bonds (Financed with Property Taxes)	\$ 33,733,000	\$ 34,320,000	
Other Long-Term Liabilities	263,571	231,369	
Total	\$ 33,996,571	\$ 34,551,369	-1.61%

- Other long-term liabilities, consisting entirely of compensated absences payable, an increase by the net amount of \$32,202 pursuant to contractual agreements.

Factors Bearing on the District's Future

Presently, the District's financial condition is strong. The District is proud of the support the community gives to the public schools. However, future finances are not without challenges as the community continues to grow and state funding remains relatively unchanged.

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

**BOROUGH OF EDGWATER SCHOOL DISTRICT
EDGEWATER, NEW JERSEY**

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

Factors Bearing on the District's Future

- Legislation titled S1701 and A-99, passed by the State in June 2004, required school districts to reduce unreserved undesignated fund balance in the General Fund to 2% of annual budget expenditures at June 30, 2005-2008. As a result, the District has had limited resources over the past five fiscal years to fund unanticipated costs and fund future budgets. The law also reduced the amount by which districts could increase their budgets to 2.5% and imposed tight restrictions on their ability to transfer funds within the budget, from existing fund balance or from capital reserve.
- The District's contract with the Edgewater Education Association expired on June 30, 2010. The Board has successfully renegotiated the contract for an additional three years. The Board was able to minimize the financial impact to the district by negotiating a salary freeze for the first eighteen months of the contract.
- The new George Washington School is scheduled to open September 2012. With the opening of the new school comes several financial challenges. We will be required to develop a budget which will include the costs associated with George Washington School and continue to adhere to the statutory cap.

The District has been committed to financial excellence for many years. In addition, the District's system for financial planning, budgeting and internal financial controls is well regarded. The District plans to continue to improve its fiscal management to meet the challenges of the future.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 251 Undercliff Avenue, Edgewater, New Jersey 07020.

BASIC FINANCIAL STATEMENTS

A. DISTRICT-WIDE FINANCIAL STATEMENTS

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011**

A-1

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 25,135,330.52	\$ 38,304.47	\$ 25,173,634.99
Receivables from Other Funds	1,914,655.25	17,011.00	1,931,666.25
Taxes Receivable	1,012,864.75		1,012,864.75
Receivables from Other Governments:			
Federal	243,085.62	4,181.32	247,266.94
State	182,024.00	253.64	182,277.64
Inventory		1,100.14	1,100.14
Bond Issuance Costs, Net	211,124.00		211,124.00
Restricted Assets:			
Capital Reserve Account - Cash	1,027,669.29		1,027,669.29
Capital Assets, Net:			
Sites (Land) and Construction in Progress	5,412,291.00		5,412,291.00
Depreciable Site Improvements, Buildings & Building Improvements & Furniture, Machinery & Equipment	10,331,648.00	2,263.00	10,333,911.00
Total Assets	45,470,692.43	63,113.57	45,533,806.00
 <u>LIABILITIES</u>			
Current Liabilities:			
Interfunds Payable Payable	1,922,166.90		1,922,166.90
Accounts Payable	33,058.38		33,058.38
Accrued Interest Payable	456,212.00		456,212.00
Payable to State Government	491.33		491.33
Deferred Revenue	68,622.51		68,622.51
Noncurrent Liabilities:			
Due Within One Year	610,000.00		610,000.00
Due Beyond One Year	33,386,570.59		33,386,570.59
Total Liabilities	36,477,121.71		36,477,121.71
 <u>NET ASSETS</u>			
Invested in Capital Assets - Net of Related Debt	5,518,375.00	2,263.00	5,520,638.00
Restricted for:			
Special Revenue Fund/(Deficit)	(1,328.00)		(1,328.00)
Capital Projects	23,807,613.55		23,807,613.55
Debt Service	753,681.50		753,681.50
Other Purposes	1,452,512.57		1,452,512.57
Unassigned	(22,537,283.90)	60,850.57	(22,476,433.33)
Total Net Assets	\$ 8,993,570.72	\$ 63,113.57	\$ 9,056,684.29

See Accompanying Notes to Basic Financial Statements

BOROUGH OF EDGEWATER SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

A-2

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:					
Instruction:					
Regular	\$ 3,422,408.30	\$ 575,818.61	\$ (2,846,589.69)	\$ -	\$ (2,846,589.69)
Special Education	440,727.38	40,171.93	(400,555.45)	-	(400,555.45)
Other Special Instruction	502,097.78	46,145.48	(455,952.30)	-	(455,952.30)
Other Instruction	51,608.19	-	(51,608.19)	-	(51,608.19)
Support Services:					
Tuition	5,804,159.29	12,453.94	(5,791,705.35)	-	(5,791,705.35)
Student and Instruction Related Services	1,372,697.80	98,142.50	(1,274,555.30)	-	(1,274,555.30)
General Administrative Services	306,578.40	-	(306,578.40)	-	(306,578.40)
School Administrative Services	203,485.00	19,109.44	(184,375.56)	-	(184,375.56)
Central Services	283,398.57	-	(283,398.57)	-	(283,398.57)
Administrative Information Technology	98,598.36	-	(98,598.36)	-	(98,598.36)
Plant Operations and Maintenance	695,498.15	-	(695,498.15)	-	(695,498.15)
Pupil Transportation	929,443.32	-	(929,443.32)	-	(929,443.32)
Special Schools	18,134.60	-	(18,134.60)	-	(18,134.60)
Transfer of Funds to Charter School	78,454.00	-	(78,454.00)	-	(78,454.00)
State Assessment on EDA Grants	21,974.00	-	(21,974.00)	-	(21,974.00)
Interest on Long-Term Debt	1,224,989.27	-	(1,224,989.27)	-	(1,224,989.27)
Unallocated Depreciation	257,290.00	-	(257,290.00)	-	(257,290.00)
Total Governmental Activities	<u>15,711,542.41</u>	<u>791,841.90</u>	<u>(14,919,700.51)</u>	<u>-</u>	<u>(14,919,700.51)</u>
Business-Type Activities:					
Food Service	176,808.61	57,759.91	-	11,395.30	11,395.30
Total Business-Type Activities	<u>176,808.61</u>	<u>57,759.91</u>	<u>-</u>	<u>11,395.30</u>	<u>11,395.30</u>
Total Primary Government	<u>15,888,351.02</u>	<u>849,601.81</u>	<u>(14,919,700.51)</u>	<u>11,395.30</u>	<u>(14,908,305.21)</u>
General Revenues					
Taxes:					
Property Taxes, Levied for General Purposes, Net			\$ 12,154,377.00	\$ -	\$ 12,154,377.00
Taxes Levied for Debt Service			2,392,641.00	-	2,392,641.00
Federal and State Aid Not Restricted			494,951.00	-	494,951.00
Federal and State Aid Restricted			13,712.04	-	13,712.04
Interest and Miscellaneous Income			227,054.19	70.27	227,124.46
Cancellation of Grants Receivable			(75,275.00)	-	(75,275.00)
Total General Revenues, Special Items, and Transfers			<u>15,207,460.23</u>	<u>70.27</u>	<u>15,207,530.50</u>
Change in Net Assets			287,759.72	11,465.57	299,225.29
Net Assets - Beginning			8,705,811.00	51,648.00	8,757,459.00
Net Assets - Ending			<u>\$ 8,993,570.72</u>	<u>\$ 63,113.57</u>	<u>\$ 9,056,684.29</u>

See Accompanying Notes to Basic Financial Statements

B. FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

B-1

<u>ASSETS</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Government Funds</u>
Cash and Cash Equivalents	\$ 294,863.23	\$ -	\$ 24,840,467.29	\$ -	\$ 25,135,330.52
Interfund Receivables	1,160,973.75			753,681.50	1,914,655.25
Taxes Receivable	1,012,864.75				1,012,864.75
Receivables from Other Governments:					
Federal		243,085.62			243,085.62
State	182,024.00				182,024.00
Restricted Cash and Cash Equivalents	<u>1,027,669.29</u>				<u>1,027,669.29</u>
Total Assets	<u>\$3,678,395.02</u>	<u>\$ 243,085.62</u>	<u>\$ 24,840,467.29</u>	<u>\$753,681.50</u>	<u>\$ 29,515,629.43</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable		33,058.38			33,058.38
Interfunds Payable	737,838.76	151,474.40	1,032,853.74		1,922,166.90
Payable to State Government		491.33			491.33
Deferred Revenue	9,233.00	59,389.51			68,622.51
Total Liabilities	<u>747,071.76</u>	<u>244,413.62</u>	<u>1,032,853.74</u>	<u>-</u>	<u>2,024,339.12</u>
FUND BALANCES:					
Restricted:					
Excess Surplus - Designated for Subsequent Year's Expenditures	675,396.00				675,396.00
Capital Reserve Account	1,027,669.29				1,027,669.29
Excess Surplus	426,434.00				426,434.00
Committed:					-
Year End Encumbrances	682.57				682.57
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures	350,000.00				350,000.00
Capital Projects			23,807,613.55		23,807,613.55
Unassigned(Deficit) Fund Balance	<u>451,141.40</u>	<u>(1,328.00)</u>		<u>753,681.50</u>	<u>1,203,494.90</u>
	<u>2,931,323.26</u>	<u>(1,328.00)</u>	<u>23,807,613.55</u>	<u>753,681.50</u>	<u>27,491,290.31</u>
Total Fund Balances	<u>\$3,678,395.02</u>	<u>\$ 243,085.62</u>	<u>\$ 24,840,467.29</u>	<u>\$753,681.50</u>	<u>\$ 29,515,629.43</u>
Total Liabilities and Fund Balance					

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because: \$ 27,491,290.31

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$18,487,739, and the accumulated depreciation is \$2,743,800. 15,743,939.00

Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due (456,212.00)

Bond Issuance Costs are reported as expenditures in the Governmental Funds. The cost is \$263,873 and the amortization is \$52,749. 211,124.00

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 6). (33,996,570.59)

Net assets of governmental activities \$ 8,993,570.72

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

B-2

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Government Funds</u>
Revenues					
Local Services:					
Local Tax Levy	\$ 12,154,377.00	\$	\$ -	\$ 2,392,641.00	\$ 14,547,018.00
Interest Earned on Capital Reserve Funds	2,106.94				2,106.94
Miscellaneous	175,803.58		49,143.67		224,947.25
Total - Local Services	<u>12,332,287.52</u>		<u>49,143.67</u>	<u>2,392,641.00</u>	<u>14,774,072.19</u>
State Sources	937,379.16	107,802.07		25,560.00	1,070,741.23
Federal Sources	-	229,763.71			229,763.71
Total Revenues	<u>13,269,666.68</u>	<u>337,565.78</u>	<u>49,143.67</u>	<u>2,418,201.00</u>	<u>16,074,577.13</u>
Expenditures					
Current:					
Regular Instruction	2,260,406.41	294,100.11			2,554,506.52
Special Education Instruction	319,471.90				319,471.90
Other Special Instruction	362,811.66				362,811.66
Other Instruction	37,238.24				37,238.24
Support Services and Undistributed Costs:					
Tuition	5,791,454.04	12,705.25			5,804,159.29
Student and Instruction Related Services	1,122,656.21	23,583.42			1,146,239.63
General Administrative Services	272,295.67				272,295.67
School Administrative Services	148,040.50				148,040.50
Central Services	211,917.23				211,917.23
Administrative Information Technology	77,318.43				77,318.43
Plant Operations and Maintenance	617,579.19				617,579.19
Pupil Transportation	896,192.71				896,192.71
Unallocated Benefits	1,635,312.58	500.00			1,635,812.58
Special Schools	13,050.00				13,050.00
Transfer of Funds to Charter Schools	78,454.00				78,454.00
Capital Outlay:					
Administrative Fee - State	21,974.00				21,974.00
Capital Expenditures			4,794,381.71		4,794,381.71
Debt Service:					
Principal				587,000.00	587,000.00
Interest and Other Charges				1,129,116.56	1,129,116.56
Total Expenditures	<u>13,866,172.77</u>	<u>330,888.78</u>	<u>4,794,381.71</u>	<u>1,716,116.56</u>	<u>20,707,559.82</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(596,506.09)</u>	<u>6,677.00</u>	<u>(4,745,238.04)</u>	<u>702,084.44</u>	<u>(4,632,982.69)</u>
Other Financing Sources (Uses):					
Capital Leases (Non-Budgeted)					
Transfers In	(181,032.65)		181,032.65	49,147.06	49,147.06
Transfers Out			(49,147.06)		(49,147.06)
Cancellation of Grant Receivable			(95,508.00)		(95,508.00)
Adjustment for GAAP Basis			20,233.00		20,233.00
Total Other Financing Sources/(Uses)	<u>(181,032.65)</u>		<u>56,610.59</u>	<u>49,147.06</u>	<u>(75,275.00)</u>
Net Change in Fund Balances	(777,538.74)	6,677.00	(4,688,627.45)	751,231.50	(4,708,257.69)
Fund Balance/(Deficit)- July 1	<u>3,708,862.00</u>	<u>(8,005.00)</u>	<u>28,496,241.00</u>	<u>2,450.00</u>	<u>32,199,548.00</u>
Fund Balance/(Deficit)- June 30	<u>\$ 2,931,323.26</u>	<u>\$ (1,328.00)</u>	<u>\$ 23,807,613.55</u>	<u>\$ 753,681.50</u>	<u>\$ 27,491,290.31</u>

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

B-3

	<u>Ref.</u>	
Total Net Change in Fund Balances - Governmental Funds		\$ (4,708,257.69)
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.		
Depreciation Expense	\$ (257,290.00)	
Capital Outlays	<u>4,794,381.71</u>	4,537,091.71
The governmental funds report the effect of bond issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities over the life of the bonds (-).		
Bond Issuance Cost	168,624.29	
Amortized Expense	<u>(12,012.00)</u>	156,612.29
Repayment of debt service principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in statement of net assets and is not reported in the statement of activities.		
		587,000.00
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when accrued, regardless of when due. In the governmental funds, interest is reported when due. When accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).		
		(252,485.00)
In the statement of activities, certain operation expenses, e.g. compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		<u>(32,201.59)</u>
Change in Net Assets of Governmental Activities (Exhibit A-2)		<u>\$ 287,759.72</u>

PROPRIETARY FUNDS

BOROUGH OF EDGEWATER SCHOOL DISTRICT
 STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 AS OF JUNE 30, 2011

B-4

	Business-Type Activities - <u>Enterprise Funds</u> <u>Food Service</u>
ASSETS	
Current Assets:	
Cash	\$ 38,304.47
Accounts Receivable:	
Federal Sources	4,181.32
State Sources	253.64
Interfunds Receivable - General Fund	17,011.00
Inventories	<u>1,100.14</u>
Total Current Assets	<u>60,850.57</u>
Noncurrent assets:	
Capital Assets	65,248.00
Less: Accumulated Depreciation	<u>(62,985.00)</u>
Total Noncurrent Assets	<u>2,263.00</u>
Total Assets	<u>63,113.57</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	<u>\$</u>
Total Liabilities	<u></u>
NET ASSETS	
Investment in Capital Assets Net of Related Debt	2,263.00
Unrestricted	<u>60,850.57</u>
Total Net Assets	<u>\$ 63,113.57</u>

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

B-5

Business-Type
Activities -
Enterprise Funds
Food Service

Operating revenues:

Charges for Services:

Total Daily Sales - Reimbursable Programs	\$ 120,575.00
Daily Sales - Non-Reimbursable Programs	9,869.00

Total Operating Revenues	130,444.00
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Operating expenses:

Cost of Sales	95,549.36
Salaries	50,735.27
Employee Benefits	7,253.21
Supplies and Materials	1,506.17
Management Fee	8,370.00
Miscellaneous Expenses	13,178.60
Depreciation Expense	216.00

Total Operating Expenses	176,808.61
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Operating Loss	(46,364.61)
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Nonoperating revenues:

Federal Sources:

School Breakfast Program	1,665.36
National School Lunch Program	47,381.60
Food Distribution Program	5,918.86

State Sources:

School Lunch Program	2,794.09
Local Source - Interest Revenue	70.27

Total nonoperating revenues	57,830.18
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Change in Net Assets	11,465.57
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Total Net Assets, Beginning of Year	51,648.00
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Total Net Assets, End of Year	\$ 63,113.57
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**BOROUGH OF EDGEWATER SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

B-6

	<u>Business-Type Activities - Enterprise Fund Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 130,444.00
Revenue receipts from General Fund	39,000.00
Payments to Food Service Vendor	(162,758.39)
Payments to Suppliers	<u>(8,807.51)</u>
Net cash used for operating activities	<u>(2,121.90)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Revenue	<u>70.27</u>
Net cash provided by investing activities	<u>70.27</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Sources	2,146.78
Federal Sources	<u>38,209.32</u>
Net cash provided by non-capital financing activities	<u>40,356.10</u>
Net decreases) in cash and cash equivalents	<u>38,304.47</u>
Cash and Cash Equivalents, July 1	<u> </u>
Cash and Cash Equivalents, June 30	<u><u>\$ 38,304.47</u></u>
Reconciliation of Operating Loss to Net Cash Used for	
Operating Activities:	
Operating Loss	\$ (46,364.61)
Adjustment to Reconcile Operating Loss to Cash	
Used for Operating Activities:	
Revenue Realized thru General Fund	11,484.95
Depreciation	216.00
Federal Food Distribution Program	5,918.86
Change in Assets and Liabilities:	
Decrease in Inventories	222.86
Decrease in Interfund Receivable	27,933.00
Increase in Account Receivable	(417.96)
Decrease in Accounts Payable	<u>(1,115.00)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (2,121.90)</u></u>

FIDUCIARY FUNDS

BOROUGH OF EDGEWATER SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

B-8

NOT APPLICABLE

NOTES TO THE FINANCIAL STATEMENTS

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity:

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

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

Basis of Presentation:

District-Wide Financial Statements:

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

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

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

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

The District reports the following proprietary funds:

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

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund and Payroll Agency Fund.

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Measurement Focus and Basis of Accounting

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

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

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

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

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

Budgets/Budgetary Control:

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

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

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 13,233,948.68	\$ 343,021.69
Difference - Budget to GAAP:		
Grant accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		(12,132.91)
State Aid Payment Recognized for:		
GAAP statements, not Recognized for Budgetary Purposes (P/Y)	38,185.00	8,005.00
Budgetary Purposes, not Recognized for GAAP Statements (C/Y)	(2,467.00)	(1,328.00)
	<u>\$ 13,269,666.68</u>	<u>\$ 337,565.78</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds		
	<u>\$ 13,269,666.68</u>	<u>\$ 337,565.78</u>
Uses/Outflows of Resources:		
Actual Amount (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 13,866,172.77	\$ 343,021.69
Difference - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the order was Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Report Purposes		(12,132.91)
		<u>(12,132.91)</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	<u>\$ 13,866,172.77</u>	<u>\$ 330,888.78</u>

Cash and Cash Equivalents and Investments:

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

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

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

Interfund Transactions:

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

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

Allowance for Uncollectible Accounts:

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

Encumbrances:

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

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

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

Short-term Interfund Receivables/Payables:

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

Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Capital Assets:

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

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

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

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

Long Term Liabilities:

In the District-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond discounts, as well as bond issuance costs, as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year; therefore, there are no accrued salaries and wages as of June 30, 2011.

Compensated Absences:

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

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

Deferred Revenue:

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

Fund Balance Reserves:

The State Department of Education has established a policy of classifying fund balances in accordance with GASB #54:

Committed Fund Balance – amounts constrained to specific purposes by the State Department of Education itself using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the State DOE takes the highest level action to remove or change the constraint. Presently committed are funds Designated for Subsequent Year's Expenditures and Excess Surplus.

Restricted – includes amounts that can be spent only for the specific purposes stipulated by external resource providers or through enabling legislation. Effectively, restrictions may be changed or lifted only with the consent of the provider.

Unassigned Fund Balance – amounts that are available for any purpose; these amounts are reported only in the General Fund.

The State Department of Education has the authority to express intended use resources in the assignment and restriction of fund balance.

Net Assets:

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

Revenue -Exchange and Nonexchange Transactions:

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

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

Operating Revenue and Expenses:

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

Management Estimates:

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

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

Credit Risk - The Board limits its investments to those authorized in its formal cash management plan which are those permitted under state statute as detailed below and on the following page.

Deposits

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

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

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

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

Investments

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

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

As of June 30, 2011, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Capital Reserve Account	Total
Checking Accounts	<u>\$ 25,222,266.65</u>	<u>\$ 1,027,669.29</u>	<u>\$ 26,249,935.94</u>

During the period ended June 30, 2011, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2011 was \$26,249,935.94 and the bank balance was \$26,577,111.08. The carrying amount of the Board's cash and cash equivalents at June 30, 2010 was \$32,572,959.00 and the bank balance was \$31,926,755.00.

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

3. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Board during the 1999-2000 fiscal year for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

Beginning Balance, July 1, 2010	\$ 1,206,595.00
Interest Earnings	2,106.94
	<u>1,208,701.94</u>
Withdrawals	<u>181,032.65</u>
Ending Balance, June 30, 2011	<u><u>\$ 1,027,669.29</u></u>

The June 30, 2011 Capital Reserve Account balance does not exceed the local support costs of uncompleted capital projects in the District's Long Range Facilities Plan ("LRFP"). There was an approved withdrawal from the capital reserve for use in the current fiscal year by Board Resolution dated May 26, 2011.

4. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2011, the District did not make any transfers to the capital outlay accounts for facilities acquisition and construction services. Therefore, the approval of the County Superintendent of Schools as per N.J.A.C. 6A:23A-13.3(h) was not required.

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2011 were as follows:

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Governmental Activities:				
Capital assets Not being Depreciated:				
Sites (Land	\$ 168,700	\$ -	\$ -	\$ 168,700
Construction in Progress	989,385	4,613,349	(359,143)	5,243,591
Total Capital Assets Not Being Depreciated	1,158,085	4,613,349	(359,143)	5,412,291
Capital Assets Being Depreciated:				
Site Improvements	372,081	181,033	359,143	912,257
Building and Building Improvements	11,750,840	-	-	11,750,840
Machinery and Equipment	412,351	-	-	412,351
Total Capital Assets Being Depreciated	12,535,272	181,033	359,143	13,075,448
Governmental Activities Capital Assets	13,693,357	4,794,382	-	18,487,739
Less Accumulated Depreciation for:				
Site Improvements	(176,564)	(28,265)	-	(204,829)
Building and Building Improvements	(1,903,757)	(225,633)	-	(2,129,390)
Machinery and Equipment	(406,189)	(3,392)	-	(409,581)
	(2,486,510)	(257,290)	-	(2,743,800)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 11,206,847	\$ 4,537,092	\$ -	\$ 15,743,939
Business Type Activities:				
Capital assets Being Depreciated:				
Machinery and Equipment	65,248	-	-	65,248
Less Accumulated Depreciation	(62,769)	(216)	-	(62,985)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 2,479	\$ (216)	\$ -	\$ 2,263

6. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2011, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2010	Accrued	Retired	Balance 6/30/2011
Serial Bonds Payable	\$ 34,320,000.00	\$ -	\$ 587,000.00	\$ 33,733,000.00
Compensated Absences Payable	231,369.00	32,201.59	-	263,570.59
	\$ 34,551,369.00	\$ 32,201.59	\$ 587,000.00	\$ 33,996,570.59

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

A. Bonds Payable:

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

On December 8, 2009, the voters of the District approved a referendum which authorized debt totaling \$28,728,400 and on May 20, 2010 the District issued \$28,728,000 of school bonds with interest rates ranging from 3.00% to 4.30

The District has bonds outstanding as of June 30, 2011 as follows:

Final Maturity	Interest Rate	Amount
09/01/2022	3.30%-4.15%	\$ 4,000,000.00
03/01/2014	4.00%-4.25%	605,000.00
09/15/2017	4.00%-5.00%	470,000.00
03/01/2040	3.00%-4.30%	28,658,000.00
		<u>\$ 33,733,000.00</u>

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

Year Ending June 30,	Principal	Interest	Total
2012	\$ 610,000	\$ 1,363,147	\$ 1,973,147
2013	630,000	1,341,252	1,971,252
2014	655,000	1,318,037	1,973,037
2015	695,000	1,293,947	1,988,947
Thereafter:			
2016-2020	3,915,000	6,082,218	9,997,218
2021-2025	4,795,000	5,264,483	10,059,483
2026-2030	5,980,000	4,235,483	10,215,483
2031-2035	7,370,000	2,911,600	10,281,600
2036-2040	9,083,000	1,203,785	10,286,785
	<u>\$33,733,000</u>	<u>\$25,013,952</u>	<u>\$58,746,952</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2011, the Board had \$481.00 of bonds authorized but not issued.

C. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. Since there is no current liability for compensated absences at June 30, 2011, the balance of compensated absences of \$263,570.59 is a long-term liability and will be liquidated by the General Fund.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2011, no liability existed for compensated absences in the Proprietary Funds.

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

7. PENSION PLANS

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

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

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

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

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF. The following amounts are the post-retirement health benefits paid by the state on behalf of the District.

Year Funding June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 235,751	100.00%	\$ 235,751
2010	221,665	100.00%	221,665
2009	193,533	100.00%	193,533

The local employer PERS normal and accrued liability contributions required for the State fiscal years 2009 – 2011 are as follows:

Three-Year Trend for PERS			
Year Funding June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 71,409	100.00%	\$ 71,409
2010	45,442	100.00%	45,442
2009	32,317	100.00%	32,317

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

8. POST-RETIREMENT BENEFITS

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

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members for PERS and the Alternate Benefit Program who retired from the board of education of county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. Health benefits are provided to employees through the State of New Jersey Health Benefits Plan.

Property and Liability Insurance

The Borough of Edgewater School District is a member of the New Jersey School Boards Association Insurance Group (the "Group"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected.

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

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

New Jersey School Boards Association Insurance Group
450 Veterans Drive
Burlington, NJ 08016
(609) 386-6060
www.njsbaig.org

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the District is required to remit employee withholdings to the State on a quarterly basis. All of the District's claims are paid by the State.

10. ECONOMIC DEPENDENCY

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

11. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances existed as of June 30, 2011:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,160,973.75	\$ 737,838.76
Special Revenue Fund		151,474.40
Capital Projects Fund		1,032,853.74
Debit Service Fund	753,681.50	
Proprietary Fund - Food Service	17,011.00	
Fiduciary Fund - Payroll Agency		9,499.35
	<u>\$ 1,931,666.25</u>	<u>\$ 1,931,666.25</u>

The Capital Projects Fund owes the General Fund for the payment of the Bond Anticipation Note of \$1,000,000.00 by the General Fund and the Debt Service Fund for interest earned of \$32,853.74. The General Fund owes the Debt Service Fund due to the Borough not turning over to the district their share of the school tax levy by years end.

12. DEFERRED COMPENSATION

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

- Equitable
- First Investors
- Lincoln Investment Planning
- Retirement Annuity Consultants
- Vanguard

13. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year.

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

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

14. FUND BALANCE

General Fund: Of the \$2,931,323.26 General Fund balance at June 30, 2011, \$ 682.57 is committed for encumbrances; \$1,027,669.29 is restricted in the capital reserve account; \$1,101,830.00 is restricted for excess surplus in accordance with NJ.S.A. 18A:7F-7, as amended \$675,396.00 is prior year excess surplus and is included as anticipated revenue for the year ending June 30, 2012 and the remaining \$426,434.00 is current year excess surplus and will be included as anticipated revenue for the year ending June 30, 2013; and \$451,141.40 is unassigned which is \$2,467.00 less than the calculated maximum unreserved fund balance (budgetary basis) due to the June state aid payments which are not recognized on the GAAP basis until the fiscal year ending June 30, 2012.

Special Revenue Fund: The \$1,328.00 deficit in the Special Revenue Fund at June 30, 2011 is attributable to the recognition of the June state aid payments and is unreserved and undesignated.

Capital Projects Fund: The \$23,807,613.55 Capital Projects Fund balance at June 30, 2011, is assigned and designated for subsequent years expenditures.

Debt Service Fund: The \$753,681.50 Debt Service Fund balance at June 30, 2011 is assigned and designated for subsequent year's expenditures.

Calculation of Excess Surplus: In accordance with NJ.S.A. 18A:7F-7, as amended, 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 balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus as noted above.

The District's unreserved/undesignated fund balance is less on a GAAP basis than the budgetary basis in the General Fund by \$2,467.00 as reported in the fund statements (modified accrual basis) and the Special Revenue Fund by \$1,328.00 as reported in the fund statements (grant accounting budgetary basis). N.J.A.C. 6A:23A-8.5(j); provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Deficit Net Assets/Fund Balance:

The District has a deficit in unrestricted net assets and fund balance in the Special Revenue Fund of \$1,328.00 as of June 30, 2011 due to the recognition of the June state aid payments as explained in Note 1 (P) above. This deficit does not mean that the District is facing financial difficulties and is a permissible practice under generally accepted accounting principles.

15. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grant Programs

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

16. SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after June 30, 2011 through the date of November 7, 2011, which is the date the financial statements were available to be issued. Based on this evaluation, the District has determined that no subsequent events have occurred which require disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

C. BUDGETARY COMPARISON SCHEDULES

BOROUGH OF EDGEWATER SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

C-1
 Sheet #1

REVENUES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local Sources:					
Local Tax Levy	\$ 12,154,377.00		\$ 12,154,377.00	\$ 12,154,377.00	-
Tuition	40,000.00		40,000.00	-	(40,000.00)
Interest on Capital Reserve Funds	8,000.00		8,000.00	2,106.94	(5,893.06)
Summer Enrichment Program	-	13,050.00	13,050.00	13,050.00	
Miscellaneous	32,000.00		32,000.00	162,753.58	130,753.58
Total Local Sources	<u>12,234,377.00</u>	<u>13,050.00</u>	<u>12,247,427.00</u>	<u>12,332,287.52</u>	<u>84,860.52</u>
State Sources:					
Special Education Categorical Aid	251,649.00		251,649.00	251,649.00	-
Extraordinary Special Education Costs Aid			-	159,753.00	159,753.00
Nonpublic School Transportation Costs			-	10,266.00	10,266.00
TPAF Wage Freeze Aid			-	12,005.00	12,005.00
TPAF Post Retirement Medical Benefits and Non -			-	235,751.00	235,751.00
TPAF Non-Contributory Insurance (On-Behalf-Non-Budgeted)			-	232,237.16	232,237.16
TPAF Social Security Reimbursed-Non-Budgeted)			-	-	-
Total - State Sources	<u>251,649.00</u>	<u>-</u>	<u>251,649.00</u>	<u>901,661.16</u>	<u>650,012.16</u>
Total Revenues	<u>12,486,026.00</u>	<u>13,050.00</u>	<u>12,499,076.00</u>	<u>13,233,948.68</u>	<u>734,872.68</u>

BOROUGH OF EDGEWATER SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

C-1
 Sheet #2

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	387,395.00	37,298.85	424,693.85	424,693.85	-
Grades 1 - 5 Salaries of Teachers	1,366,967.00	(126,870.34)	1,240,096.66	1,227,454.17	12,642.49
Grades 6 - 8 Salaries of Teachers	193,240.00	50,899.85	244,139.85	244,139.85	-
	<u>1,947,602.00</u>	<u>(38,671.64)</u>	<u>1,908,930.36</u>	<u>1,896,287.87</u>	<u>12,642.49</u>
Regular Programs - Home Instruction					
Salaries of Teachers	5,000.00	-	5,000.00	-	5,000.00
	<u>5,000.00</u>	<u>-</u>	<u>5,000.00</u>	<u>-</u>	<u>5,000.00</u>
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	207,660.00	2,017.28	209,677.28	205,258.13	4,419.15
Purchased Technical Services	9,000.00	(1,608.61)	7,391.39	7,281.50	109.89
Other Purchased Services (400-500 series)	13,820.00	2,901.25	16,721.25	16,681.54	39.71
General Supplies	66,700.00	34,096.03	100,796.03	72,359.42	28,436.61
Textbooks	20,000.00	44,078.64	64,078.64	46,729.85	17,348.79
Other Objects	12,000.00	5,078.61	17,078.61	15,808.10	1,270.51
	<u>329,180.00</u>	<u>86,563.20</u>	<u>415,743.20</u>	<u>364,118.54</u>	<u>51,624.66</u>
Total Regular Programs - Instruction	<u>2,281,782.00</u>	<u>47,891.56</u>	<u>2,329,673.56</u>	<u>2,260,406.41</u>	<u>69,267.15</u>
Special Education - Instruction:					
Multiple Disabilities:					
Salaries of Teachers	56,410.00	1,118.20	57,528.20	57,528.20	-
Other Salaries for Instruction		998.50	998.50	998.50	-
Other Purchased Services (400-500 series)	5,000.00	(2,116.70)	2,883.30	-	2,883.30
General Supplies	500.00	2,578.61	3,078.61	2,942.86	135.75
Textbooks	2,500.00	196.12	2,696.12	859.10	1,837.02
	<u>64,410.00</u>	<u>2,774.73</u>	<u>67,184.73</u>	<u>62,328.66</u>	<u>4,856.07</u>

BOROUGH OF EDGEWATER SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

C-1
 Sheet #3

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Resource Room/Resource Center:					
Salaries of Teachers	348,035.00	-	348,035.00	252,684.51	95,350.49
General Supplies	1,500.00	927.43	2,427.43	2,427.43	-
Textbooks	1,000.00	558.64	1,558.64	1,558.64	-
Total Resource Room/Resource Center	350,535.00	1,486.07	352,021.07	256,670.58	95,350.49
Pre-K Handicapped:					
General Supplies		472.66	472.66	472.66	
Total Special Education Instruction	414,945.00	4,733.46	419,678.46	319,471.90	100,206.56
Basic Skill/Remedial - Instruction:					
Salaries of Teachers	245,560.00	-	245,560.00	235,659.31	9,900.69
General Supplies	1,000.00	881.28	1,881.28	1,844.20	37.08
Textbooks	500.00	131.89	631.89	631.89	-
Total Basic Skills/Remedial - Instruction	247,060.00	1,013.17	248,073.17	238,135.40	9,937.77
Bilingual Education - Instruction:					
Salaries of Teachers	169,655.00	-	169,655.00	121,828.87	47,826.13
General Supplies	500.00	2,070.35	2,670.35	2,612.02	58.33
Textbooks	500.00	-	500.00	235.37	264.63
Total Bilingual Education - Instruction	170,755.00	2,070.35	172,825.35	124,676.26	48,149.09

BOROUGH OF EDGEWATER SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

C-1
 Sheet #4

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
School Sponsored Co curricular Activities - Instruction:					
Salaries	36,000.00	881.55	36,881.55	36,881.55	-
Supplies and Materials	1,050.00	(524.86)	525.14	356.69	168.45
Total School Sponsored Co curricular Activities - Instruction:	37,050.00	356.69	37,406.69	37,238.24	168.45
Total Instruction	3,151,592.00	56,065.23	3,207,657.23	2,979,928.21	227,729.02
Undistributed Expenditures :					
Instruction:					
Tuition to Other LEAs Within the State-Regular	4,207,343.00	1,078.38	4,208,421.38	4,207,343.00	1,078.38
Tuition to Other LEAs Within the State-Special	412,015.00	334,147.96	746,162.96	745,438.46	724.50
Tuition to County Voc Tech - Regular		52,277.80	52,277.80	47,946.00	4,331.80
Tuition to County Special Services Schools and Regional Day Schools	390,000.00	(50,148.00)	339,852.00	339,852.00	-
Tuition to Priv. Sch. For the Disabled W/ State	259,255.00	(51,270.09)	207,984.91	206,493.23	1,491.68
Tuition to Priv Sch Disabled & Oth. LEAs -Spl. O/S St	385,007.00	(145,125.65)	239,881.35	239,881.35	-
Tuition - State Facilities	4,500.00	-	4,500.00	4,500.00	-
Total Undistributed Expenditures - Instruction	5,658,120.00	140,960.40	5,799,080.40	5,791,454.04	7,626.36
Attendance and Social Work Services:					
Salaries	31,787.00	10,970.10	42,757.10	42,757.10	-
Other Purchased Services	10,500.00	(10,500.00)	-	-	-
Total Attendance and Social Work Services	42,287.00	470.10	42,757.10	42,757.10	-

BOROUGH OF EDGEWATER SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

C-1
 Sheet #5

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Health Services:					
Salaries	59,365.00	2,669.55	62,034.55	61,942.05	92.50
Purchased Professional and Technical Services	5,000.00	521.89	5,521.89	5,521.89	-
Other Purchased Services (400-500 series)	600.00	(22.46)	577.54	577.54	-
Supplies and Materials	1,500.00	105.37	1,605.37	1,605.37	-
Total Health Services	66,465.00	3,274.35	69,739.35	69,646.85	92.50
Other Support Services - Speech, OT, PT and Related Services:					
Purchased Professional - Educational Services	379,431.00	(1,000.00)	378,431.00	359,113.61	19,317.39
Total Other Support Services - Speech, OT, PT and Related Services	379,431.00	(1,000.00)	378,431.00	359,113.61	19,317.39
Other Support Services- Students - Extraordinary Services:					
Supplies and Materials	1,000.00	-	1,000.00	458.23	541.77
Total Other Support Services- Students - Extraordinary Services	1,000.00	-	1,000.00	458.23	541.77
Other Support Services - Students - Guidance:					
Purchased Professional - Educational Services	6,000.00	962.50	6,962.50	6,962.50	-
Total Other Support Services - Students - Guidance	6,000.00	962.50	6,962.50	6,962.50	-

BOROUGH OF EDGEWATER SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

C-1
 Sheet #6

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Other Support Services - Child Study Teams:					
Salaries and Other Professional Staff	250,545.00	(32,015.10)	218,529.90	218,529.90	
Salaries of Secretarial and Clerical Assistants	35,462.00	709.24	36,171.24	36,171.24	
Purchased Professional and Technical Services	15,000.00	30,649.27	45,649.27	44,685.36	963.91
Residential Costs	35,000.00	(23,063.36)	11,936.64	6,512.50	5,424.14
Miscellaneous Purchased Services	2,500.00	4,000.00	6,500.00	177.94	6,322.06
Supplies and Materials	500.00	297.76	797.76	797.76	
Total Other Support Services - Child Study Teams	<u>339,007.00</u>	<u>(19,422.19)</u>	<u>319,584.81</u>	<u>306,874.70</u>	<u>12,710.11</u>
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	66,000.00	6,160.00	72,160.00	72,160.00	
Salaries of Secretarial and Clerical Assistants	88,666.00	(623.18)	88,042.82	88,042.80	0.02
Other Salaries	103,160.00	1,500.00	104,660.00	104,660.00	
Purchased Professional - Educational Services	2,000.00	1,000.00	3,000.00	3,000.00	
Other Purchased Services (400-500 series)	1,000.00	459.00	1,459.00	1,459.00	
Supplies and Materials	1,000.00	2,878.80	3,878.80	3,878.80	
Other Objects	-	722.00	722.00	722.00	
Total Improvement of Instructional Services	<u>261,826.00</u>	<u>12,096.62</u>	<u>273,922.62</u>	<u>273,922.60</u>	<u>0.02</u>
Educational Media Serv./Sch. Library					
Salaries	27,980.00	33,638.62	61,618.62	61,618.62	
Supplies and Materials	1,500.00	-	1,500.00	1,302.00	198.00
Total Educational Media Serv./Sch. Library	<u>29,480.00</u>	<u>33,638.62</u>	<u>63,118.62</u>	<u>62,920.62</u>	<u>198.00</u>

BOROUGH OF EDGEWATER SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

C-1
 Sheet #7

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Instructional Staff Training Services:	500.00	(500.00)	-		
Purchased Professional - Educational Services					
Total Instructional Staff Training Services	500.00	(500.00)	-		
Support Services - General Administration:					
Salaries	86,740.00	1,249.18	87,989.18	87,989.18	-
Legal Services	63,000.00	5,901.36	68,901.36	58,872.00	10,029.36
Audit Fees	49,000.00	(13,000.00)	36,000.00	36,000.00	-
Other Purchased Professional Services	1,000.00	25,031.00	26,031.00	26,031.00	-
Purchased Technical Services	4,420.00	-	4,420.00	3,888.00	532.00
Communications/Telephone	28,000.00	(5,940.90)	22,059.10	17,935.79	4,123.31
BOE Other Purchased Services	1,500.00	(1,400.00)	100.00	75.98	24.02
Other Purchased Services (400-500)		9,422.36	9,422.36	9,422.35	0.01
General Supplies	1,500.00	13.77	1,513.77	1,513.77	-
BOE In-House Training/Meeting Supplies	7,000.00	(6,013.77)	986.23	916.75	69.48
Judgements		22,500.00	22,500.00	22,500.00	-
Miscellaneous Expenditures	5,000.00	(4,631.00)	369.00	241.50	127.50
BOE Membership Dues and Fees	7,770.00	-	7,770.00	6,909.35	860.65
Total Support Services - General Administration	254,930.00	33,132.00	288,062.00	272,295.67	15,766.33
Support Services-School Administration:					
Salaries of Principals/Assistant Principals	104,040.00	5,012.46	109,052.46	109,052.46	-
Salaries of Secretarial and Clerical Assistants	25,479.00	7,770.97	33,249.97	33,249.97	-
Purchased Professional and Technical Services					
Supplies and Materials	3,500.00	-	3,500.00	-	3,500.00
Other Objects	5,800.00	(61.93)	5,738.07	5,738.07	-
Total Support Services-School Administration	138,819.00	12,721.50	151,540.50	148,040.50	3,500.00

BOROUGH OF EDGEWATER SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

C-1
 Sheet #8

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Central Services:					
Salaries	193,000.00	(9,537.83)	183,462.17	183,462.17	-
Purchased Professional Services	15,000.00	7,200.05	22,200.05	22,200.05	-
Supplies and Materials	4,500.00	-	4,500.00	4,500.00	-
Miscellaneous Expenditures	5,000.00	(3,200.14)	1,799.86	1,755.01	44.85
Total Central Services	<u>217,500.00</u>	<u>(5,537.92)</u>	<u>211,962.08</u>	<u>211,917.23</u>	<u>44.85</u>
Administrative Information Technology:					
Salaries	52,547.00	19,570.74	72,117.74	54,616.53	17,501.21
Purchased Technical Services	3,000.00	23,132.70	26,132.70	5,047.85	21,084.85
Other Purchased Services (400-500 series)	2,500.00	9,893.75	12,393.75	12,393.75	-
Supplies and Materials	5,100.00	160.30	5,260.30	5,260.30	-
Total Administrative Information Technology	<u>63,147.00</u>	<u>52,757.49</u>	<u>115,904.49</u>	<u>77,318.43</u>	<u>38,586.06</u>
Required Maint for School Facilities:					
Salaries	47,950.00	4,527.35	52,477.35	52,477.35	-
Cleaning, Repair, and Maintenance Services	96,517.00	22,632.18	119,149.18	115,099.18	4,050.00
General Supplies	17,160.00	-	17,160.00	17,160.00	-
Other Objects	4,000.00	-	4,000.00	2,920.00	1,080.00
Total Required Maint for School Facilities	<u>165,627.00</u>	<u>27,159.53</u>	<u>192,786.53</u>	<u>187,656.53</u>	<u>5,130.00</u>

BOROUGH OF EDGEWATER SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

C-1
 Sheet #9

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Custodial Services:					
Salaries	153,454.00	(1,942.77)	151,511.23	147,507.45	4,003.78
Cleaning, Repair, and Maintenance Services	53,275.00	5,718.14	58,993.14	58,416.20	576.94
Other Purchased Property Services	20,000.00	(579.14)	19,420.86	19,420.86	-
Insurance	49,759.00	(4,209.00)	45,550.00	42,939.44	2,610.56
General Supplies	39,000.00	2,211.68	41,211.68	15,977.38	25,234.30
Energy (Electricity)	331,281.00	(107,394.73)	223,886.27	144,154.40	79,731.87
Other Objects	1,500.00	14.57	1,514.57	1,506.93	7.64
Total Custodial Services	<u>648,269.00</u>	<u>(106,181.25)</u>	<u>542,087.75</u>	<u>429,922.66</u>	<u>112,165.09</u>
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home & School - Regular	63,899.00	1,793.23	65,692.23	65,692.23	-
Between Home & School) - Nonpublic Schools	19,648.00	-	19,648.00	19,647.92	0.08
Contracted Services:					
Between Home and School - Joint Agreements	563,470.00	(39,879.99)	523,590.01	507,230.20	16,359.81
Special Education Students - Joint Agreements	500.00	-	500.00	-	500.00
Special Education Students - ESC's and CSTAS	300,571.00	(48,106.81)	252,464.19	237,777.00	14,687.19
Aid in Lieu of Payments - Nonpublic Students	57,500.00	7,196.87	64,696.87	64,280.00	416.87
Misc. Purchased Services	2,500.00	-	2,500.00	1,565.36	934.64
Total Student Transportation Expenses	<u>1,008,088.00</u>	<u>(78,996.70)</u>	<u>929,091.30</u>	<u>896,192.71</u>	<u>32,898.59</u>

BOROUGH OF EDGEWATER SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

C-1
 Sheet #10

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Unallocated Benefits:					
Social Security Contributions	93,395.00	20,082.51	113,477.51	113,477.51	-
Other Retirement Contributions - Regular	69,048.00	71,409.00	140,457.00	71,409.00	69,048.00
Unemployment Compensation	31,830.00	18,115.60	49,945.60	49,945.60	-
Workmen's Compensation	47,478.00	(1,160.70)	46,317.30	46,317.30	-
Health Benefits	935,611.00	(111,777.31)	823,833.69	798,518.01	25,315.68
Tuition Reimbursement	15,000.00	-	15,000.00	8,431.00	6,569.00
Other Employee Benefits	113,792.00	59,827.60	173,619.60	79,226.00	94,393.60
Total Unallocated Benefits	<u>1,306,154.00</u>	<u>56,496.70</u>	<u>1,362,650.70</u>	<u>1,167,324.42</u>	<u>195,326.28</u>
On-Behalf Contributions:					
TPAF Post Retirement Medical Benefits and TPAF					
Non-Contributory Insurance (non-budgeted)				235,751.00	(235,751.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)				232,237.16	(232,237.16)
Total On-Behalf Contributions				<u>467,988.16</u>	<u>(467,988.16)</u>
Total Personal Services - Employee Benefits	<u>1,306,154.00</u>	<u>56,496.70</u>	<u>1,362,650.70</u>	<u>1,635,312.58</u>	<u>(272,661.88)</u>
Total Undistributed Expenses	<u>10,586,650.00</u>	<u>162,031.75</u>	<u>10,748,681.75</u>	<u>10,772,766.56</u>	<u>(24,084.81)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>13,738,242.00</u>	<u>218,096.98</u>	<u>13,956,338.98</u>	<u>13,752,694.77</u>	<u>203,644.21</u>
Capital Outlay:					
Facilities Acquisition and Construction Services:					
Other Objects	<u>21,974.00</u>		<u>21,974.00</u>	<u>21,974.00</u>	
Total Facilities Acquisition and Construction Services	<u>21,974.00</u>	<u>-</u>	<u>21,974.00</u>	<u>21,974.00</u>	<u>-</u>
TOTAL CAPITAL OUTLAY	<u>21,974.00</u>	<u>-</u>	<u>21,974.00</u>	<u>21,974.00</u>	<u>-</u>

BOROUGH OF EDGEWATER SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

C-1
 Sheet #11

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Special Schools:					
Summer School - Instructions	-	13,050.00	13,050.00	13,050.00	-
Salaries of Teachers	-	13,050.00	13,050.00	13,050.00	-
Total Summer School - Instruction		13,050.00	13,050.00	13,050.00	-
TOTAL SEPCIAL SCHOOLS		13,050.00	13,050.00	13,050.00	-
Transfer of Funds to Charter Schools	38,148.00	40,306.00	78,454.00	78,454.00	-
Total Expenditures	13,798,364.00	271,452.98	14,069,816.98	13,866,172.77	203,644.21
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,312,338.00)	(258,402.98)	(1,570,740.98)	(632,224.09)	938,516.89
Other Financing Sources (Uses):					
Operating Transfers Out:					
Transfer from Capital Reserve to Capital Projects Fund	-	181,032.65	181,032.65	181,032.65	
Total Other Financing Sources (Uses)	-	181,032.65	181,032.65	181,032.65	-

BOROUGH OF EDGEWATER SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

C-1
 Sheet #12

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(1,312,338.00)	(77,370.33)	(1,751,773.63)	(813,256.74)	938,516.89
Fund Balances, July 1	<u>3,747,047.00</u>	<u>-</u>	<u>3,747,047.00</u>	<u>3,747,047.00</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 2,434,709.00</u>	<u>\$ (77,370.33)</u>	<u>\$ 1,995,273.37</u>	<u>\$ 2,933,790.26</u>	<u>\$ 938,516.89</u>
Recapitulation:					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for Subsequent Years Expenditures				675,396.00	
Reserved Excess Surplus Capital Reserve				426,434.00	
Committed Fund Balance: Year End Encumbrances				1,027,669.29	
Assigned Fund Balance:				682.57	
Designated for Subsequent Year's Expenditures				350,000.00	
Unassigned Fund Balance				453,608.40	
Reconciliation to Governmental Fund Statement (GAAP):				<u>2,933,790.26</u>	
June State Aid Payments not Recognized on GAAP Basis				<u>2,467.00</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,931,323.26</u>	

BOROUGH OF EDGEWATER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

C-2

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
<u>Revenues</u>					
State Sources	\$ 137,232.00	\$ 11,447.00	\$ 148,679.00	\$ 101,125.07	\$ (47,553.93)
Federal Sources	200,163.00	81,600.00	281,763.00	241,896.62	(39,866.38)
Total Revenues	337,395.00	93,047.00	430,442.00	343,021.69	(87,420.31)
<u>Expenditures</u>					
<u>Instruction:</u>					
Personal Services - Salaries	127,479.00	-	127,479.00	103,224.40	24,254.60
Other Salaries for Instruction	20,264.00	3,500.00	23,764.00	22,764.00	1,000.00
Other Purchased Services	123,804.00	46,500.00	170,304.00	150,274.20	20,029.80
General Supplies	-	28,500.00	28,500.00	27,370.42	1,129.58
Total Instruction	271,547.00	78,500.00	350,047.00	303,633.02	46,413.98
<u>Support Services:</u>					
Personal Services - Salaries	-	-	-	-	-
Personal Services - Employee Benefits	19,469.00	-	19,469.00	19,469.00	-
Purchased Professional and Technical Services	-	500.00	500.00	500.00	-
Purchased Professional Services	46,379.00	-	46,379.00	6,342.42	40,036.58
Tuition	-	13,447.00	13,447.00	12,705.25	741.75
Supplies and Materials	-	600.00	600.00	372.00	228.00
Total Support Services	65,848.00	14,547.00	80,395.00	39,388.67	41,006.33
Total Expenditures	337,395.00	93,047.00	430,442.00	343,021.69	87,420.31
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET-TO-GAAP RECONCILIATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

C-3

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 13,233,948.68	\$ 343,021.69
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and revenue, whereas the GAAP Basis does not.		(12,132.91)
State Aid Payment Recognized for:		
GAAP Statements, not Recognized for Budgetary Purposes (Prior Year)	38,185.00	8,005.00
Budgetary Purposes, not Recognized for GAAP statements (Current Year)	<u>(2,467.00)</u>	<u>(1,328.00)</u>
 Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	 <u>\$ 13,269,666.68</u>	 <u>\$ 337,565.78</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 13,866,172.77	\$ 343,021.69
Difference - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		(12,132.91)
 Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	 <u>\$ 13,866,172.77</u>	 <u>\$ 330,888.78</u>

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR FISCAL YEAR ENDED JUNE 30, 2011**

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 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 NJ,AC,6:20-2A2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

D. SCHOOL LEVEL SCHEDULES

E. SPECIAL REVENUE FUND

BOROUGH OF EDGEWATER SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

E-1
Sheet #1

	No Child Left Behind				
	Title I	Title II	Title III Other	Title III Immigrant	Title III Immigrant Carryover
<u>Revenues</u>					
State Sources	\$ 42,465.00				
Federal Sources		\$ 22,973.97	\$ 10,323.00	\$ 9,088.45	\$ 6,400.00
Total Revenues	<u>42,465.00</u>	<u>22,973.97</u>	<u>10,323.00</u>	<u>9,088.45</u>	<u>6,400.00</u>
<u>Expenditures</u>					
<u>Instruction:</u>					
Personal Services - Salaries	42,465.00		10,323.00		
Other Salaries for Instruction		2,500.00			
Other Purchased Services		12,381.97		8,588.45	6,400.00
General Supplies		14,881.97	10,323.00	8,588.45	6,400.00
Total Instruction	<u>42,465.00</u>	<u>14,881.97</u>	<u>10,323.00</u>	<u>8,588.45</u>	<u>6,400.00</u>
<u>Support Services:</u>					
Personal Services - Employee Benefits				500.00	
Purchased Professional and Technical Services		5,492.00			
Purchased Professional Educational Services		2,600.00			
Tuition					
Supplies and Materials					
Total Support Services	<u>-</u>	<u>8,092.00</u>	<u>-</u>	<u>500.00</u>	<u>-</u>
Total Expenditures	<u>\$ 42,465.00</u>	<u>\$ 22,973.97</u>	<u>\$ 10,323.00</u>	<u>\$ 9,088.45</u>	<u>\$ 6,400.00</u>

BOROUGH OF EDGEWATER SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

E-1
Sheet #2

	<u>IDEA Part B Basic Regular</u>	<u>IDEA Part B Basic Regular Carryover</u>	<u>IDEA Part B Preschool</u>	<u>Preschool Education Aid</u>	<u>Textbooks</u>	<u>Non - Public Aid Nursing</u>
<u>Revenues</u>						
State Sources	\$ 148,199.20	\$ 372.00	\$ 2,075.00	\$ 90,169.40	\$ 1,080.00	\$ 850.42
Federal Sources					-	-
Total Revenues	<u>148,199.20</u>	<u>372.00</u>	<u>2,075.00</u>	<u>90,169.40</u>	<u>1,080.00</u>	<u>850.42</u>
<u>Expenditures</u>						
<u>Instruction:</u>						
Personal Services - Salaries			-	50,436.40		
Other Salaries for Instruction			2,075.00	20,264.00		
Other Purchased Services	148,199.20		-			
General Supplies						
Total Instruction	<u>148,199.20</u>	<u>-</u>	<u>2,075.00</u>	<u>70,700.40</u>	<u>-</u>	<u>-</u>
<u>Support Services:</u>						
Personal Services - Salaries				19,469.00		
Personal Services - Employee Benefits						
Purchased Professional and Technical Services					1,080.00	850.42
Purchased Professional Educational Services						
Tuition						
Supplies and Materials		372.00				
Total Support Services	<u>-</u>	<u>372.00</u>	<u>-</u>	<u>19,469.00</u>	<u>1,080.00</u>	<u>850.42</u>
Total Expenditures	<u>\$ 148,199.20</u>	<u>\$ 372.00</u>	<u>\$ 2,075.00</u>	<u>\$ 90,169.40</u>	<u>\$ 1,080.00</u>	<u>\$ 850.42</u>

BOROUGH OF EDGEWATER SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

E-1
Sheet #3

	Nonpublic Auxillary Services (Chapter 192)	Nonpublic Handicapped Services (Chapter 193)			
<u>Revenues</u>	Compensatory Education	ESL	Examination & Classification	Corrective Speech	Totals June 30, 2011
State Sources	\$ 2,010.00	\$ 2,049.00	\$ 1,115.57	\$ 3,850.68	\$ 101,125.07
Federal Sources	-	-	-	-	241,896.62
Total Revenues	<u>\$ 2,010.00</u>	<u>\$ 2,049.00</u>	<u>\$ 1,115.57</u>	<u>\$ 3,850.68</u>	<u>\$ 343,021.69</u>
<u>Expenditures</u>					
Instruction:					
Personal Services - Salaries					\$ 103,224.40
Other Salaries for Instruction					22,764.00
Other Purchased Services					150,274.20
General Supplies					27,370.42
Total Instruction					<u>303,633.02</u>
Support Services:					
Personal Services - Employee Benefits					19,469.00
Purchased Professional and Technical Services					500.00
Purchased Professional Educational Services					6,342.42
Tuition	2,010.00	2,049.00	1,115.57	3,850.68	12,705.25
Supplies and Materials					372.00
Total Support Services	<u>2,010.00</u>	<u>2,049.00</u>	<u>1,115.57</u>	<u>3,850.68</u>	<u>39,388.67</u>
Total Expenditures	<u>\$ 2,010.00</u>	<u>\$ 2,049.00</u>	<u>\$ 1,115.57</u>	<u>\$ 3,850.68</u>	<u>\$ 343,021.69</u>

BOROUGH OF EDGEWATER SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

E-2

	<u>Budgeted</u>	<u>Total Actual</u>	<u>Variance</u>
EXPENDITURES			
Instruction:			
Salaries of Teachers	\$ 51,120.00	\$ 50,436.40	\$ 683.60
Other Salaries	<u>20,264.00</u>	<u>20,264.00</u>	
Total Instruction	<u>71,384.00</u>	<u>70,700.40</u>	<u>683.60</u>
Undistributed Expenditures:			
Employee Benefits	19,469.00	19,469.00	
Purchased Professional Services	<u>46,379.00</u>		<u>46,379.00</u>
Total Undistributed Expenditures	<u>65,848.00</u>	<u>19,469.00</u>	<u>46,379.00</u>
Total Expenditures	<u>\$ 137,232.00</u>	<u>\$ 90,169.40</u>	<u>\$ 47,062.60</u>

CALCULATION OF BUDGET AND CARRYOVER

Total Revised 2010-11 Preschool Education Aid Allocation	\$ 137,232.00
Actual Preschool Education Aid Carryover (June 30, 2010)	<u>194.00</u>
Total Preschool Education Aid Funds Available for 2010-11 Budget	<u>137,426.00</u>
Less: 2010-11 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>137,232.00</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2011	<u>194.00</u>
Add: 2010-11 Unexpended Preschool Education Aid	<u>47,062.60</u>
2010-11 Actual Carryover - Preschool Education Aid	<u>\$ 47,256.60</u>
2010-11 Preschool Education Aid Carryover Budgeted for 2011-12	<u>-</u>

F. CAPITAL PROJECTS FUND

BOROUGH OF EDGEWATER SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2011

F-1

Revenues and Other Financing Sources:	
Interest Revenue	\$ 49,143.67
	49,143.67
Total Revenue and Other Financing Sources	
	49,143.67
Expenditures and Other Financing Uses:	
Salaries	48,640.00
Architect/Design and Construction Management Fees	1,298,128.20
Legal Services	17,404.31
Purchased Professional and Technical Services	20,501.65
Construction Services	1,959,740.37
Other Purchased Services	1,449,967.18
	4,794,381.71
Total Expenditures	
	4,794,381.71
Excess of Revenue over Expenditures	
	(4,745,238.04)
Other Financing Sources (Uses):	
Cancellation of Grant Receivable	(95,508.00)
Transfer to Debt Service Fund	(49,147.06)
Transfer from Capital Reserve	181,032.65
	36,377.59
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	
	(4,708,860.45)
Fund Balance - Beginning	
	28,516,474.00
Fund Balance - Ending	
	\$ 23,807,613.55

BOROUGH OF EDGEWATER SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT STATUS AND PROJECT BALANCE
 BUDGETARY BASIS
 CONSTRUCTION OF A NEW ELEMENTARY SCHOOL AND INSTALLATION OF
 SOLAR PANELS AT THE ELEANOR VAN GELDER SCHOOL
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

F-1a

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources:				
Bond Proceeds and Transfers	\$ 28,728,000.00	\$ -	\$ 28,728,000.00	\$28,728,400.00
Total Revenue and Other Financing Sources	28,728,000.00	-	28,728,000.00	28,728,400.00
Expenditures:				
Salaries	13,760.00	48,640.00	62,400.00	100,000.00
Architect/Design and Construction Management		-	-	
Solar	48,543.00		48,543.00	68,000.00
New School	323,697.00	1,298,128.20	1,621,825.20	1,945,000.00
Legal Services:			-	
Solar	5,600.00		5,600.00	5,600.00
New School	7,553.00	17,404.31	24,957.31	150,000.00
Purchased Professional and Technical Services				270,800.00
Construction Services:				
Solar		289,000.00	289,000.00	368,000.00
New School		1,510,209.37	1,510,209.37	22,500,000.00
Other Purchased Services:				
Solar				36,800.00
New School	27,029.00	1,449,967.18	1,476,996.18	3,284,200.00
Total Expenditures	426,182.00	4,613,349.06	5,039,531.06	28,728,400.00
Excess (Deficiency) of Revenue Over/ (Under) Expenditures	\$ 28,301,818.00	\$ (4,613,349.06)	\$ 23,688,468.94	\$ -
Additional Project Information:				
Project Number - New School	1270-N01-09-1000			
Project Number - Solar	1270-050-09-1000			
Grant Date	N/A			
Bond Authorization Date	December 8, 2009			
Bonds Authorized	\$ 28,728,400.00			
Bonds Issued	\$ 28,728,000.00			
Original Authorized Cost	\$ 28,725,400.00			
Change Orders				
Revised Authorized Cost	\$ 28,728,400.00			
Change Order Percentage				
Percentage Completion	16.06%			
Original Target Completion Date	Not Readily Available			
Revised Target Completion Date	Not Readily Available			

BOROUGH OF EDGEWATER SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT STATUS AND PROJECT BALANCE
 BUDGETARY BASIS
 ELEANOR VAN GELDER SCHOOL ROOF REPLACEMENT
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

F-1b

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources:				
Bond Proceeds	\$ 665,000.00		\$ 665,000.00	\$ 665,081.00
Total Revenue and Other Financing Sources	665,000.00		665,000.00	665,081.00
Expenditures:				
Purchased Professional and Technical Services	162,122.00		162,122.00	210,081.00
Construction Services	401,081.00		401,081.00	455,000.00
Total Expenditures	563,203.00	-	563,203.00	665,081.00
Excess of Revenue and Other Financing Services Over Expenditures	\$ 101,797.00	\$ -	\$ 101,797.00	\$ -
Additional Project Information:				
Project Number(s)				
Grant Date				
Bond Authorization Date	4/17/2007			
Bonds Authorized	\$ 665,081.00			
Bonds Issued	\$ 665,000.00			
Original Authorized Cost	\$ 665,081.00			
Change Orders				
Revised Authorized Cost	\$ 665,081.00			
Change Order Percentage				
Percentage Completion	84.68%			
Original Target Completion Date				
Revised Target Completion Date				

BOROUGH OF EDGEWATER SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT STATUS AND PROJECT BALANCE
 BUDGETARY BASIS
 CONSTRUCTION, RENOVATION AND IMPROVEMENTS TO ELEANOR VAN GELDER SCHOOL
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

F-1c

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$ 2,122,395.00	\$ (95,508.00)	\$ 2,026,887.00	\$ 2,122,395.00
Bond Proceeds	<u>5,827,105.00</u>	<u>-</u>	<u>5,827,105.00</u>	<u>5,827,105.00</u>
Total Revenue and Other Financing Sources	<u>7,949,500.00</u>	<u>(95,508.00)</u>	<u>7,853,992.00</u>	<u>7,949,500.00</u>
Expenditures:				
Legal Services	32,737.00		32,737.00	45,001.00
Purchased Professional and Technical Services	1,114,345.00		1,114,345.00	1,118,501.00
Construction Services	6,615,583.39		6,615,583.39	6,656,849.00
Equipment	22,410.00		22,410.00	64,590.00
Other Objects	<u>51,569.00</u>		<u>51,569.00</u>	<u>64,559.00</u>
Total Expenditures	<u>7,836,644.39</u>	<u>-</u>	<u>7,836,644.39</u>	<u>7,949,500.00</u>
Excess of Revenue and Other Financing Services Over Expenditures	<u>\$ 112,855.61</u>	<u>\$ (95,508.00)</u>	<u>\$ 17,347.61</u>	<u>\$ -</u>
Additional Project Information:				
Project Number(s)	1270-050-02-1169			
Grant Date	1/15/2003			
Bond Authorization Date	1/28/2003			
Bonds Authorized	\$ 5,827,105.00			
Bonds Issued	\$ 5,827,000.00			
Original Authorized Cost	\$ 7,949,500.00			
Change Orders				
Revised Authorized Cost	\$ 7,949,500.00			
Change Order Percentage				
Percentage Completion	99.99%			
Original Target Completion Date				
Revised Target Completion Date				

BOROUGH OF EDGEWATER SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT STATUS AND PROJECT BALANCE
BUDGETARY BASIS
CONSTRUCTION, RENOVATION AND IMPROVEMENTS TO ELEANOR VAN GELDER SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

F-1d

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources:				
Transfer from Capital Reserve		\$ 181,032.65	\$ 181,032.65	\$ 181,032.65
Total Revenue and Other Financing Sources		<u>181,032.65</u>	<u>181,032.65</u>	<u>181,032.65</u>
Expenditures:				
Purchased Professional and Technical Services		20,501.65	20,501.65	20,501.65
Construction Services		<u>160,531.00</u>	<u>160,531.00</u>	<u>160,531.00</u>
Total Expenditures		<u>181,032.65</u>	<u>181,032.65</u>	<u>181,032.65</u>
Excess of Revenue and Other Financing Services Over Expenditures		<u>\$</u>	<u>\$</u>	<u>\$</u>
Additional Project Information:				
Project Number(s)	1943			
Original Authorized Cost	\$	181,032.65		
Change Orders				
Revised Authorized Cost	\$	181,032.65		
Change Order Percentage				
Percentage Completion		100%		
Original Target Completion Date		3/1/2011		
Revised Target Completion Date				

BOROUGH OF EDGEWATER SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
FOR THE YEAR ENDED JUNE 30, 2011

F-2

<u>Purpose</u>	<u>Original Issue</u>	<u>Balance June 30, 2010</u>	<u>Paid</u>
Construction of a New Elementary School and Installation of Solar Panels at the Eleanor Van Gelder School	\$ 1,000,000.00	<u>\$ 1,000,000.00</u>	<u>\$ 1,000,000.00</u>
		<u>\$ 1,000,000.00</u>	<u>\$ 1,000,000.00</u>

G. PROPRIETARY FUNDS

ENTERPRISE FUND

BOROUGH OF EDGEWATER SCHOOL DISTRICT
FOOD SERVICE - ENTERPRISE FUND
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011

G-1

ASSETS

Current Assets:

Cash	\$ 38,304.47
Accounts Receivable:	
Federal Sources	4,181.32
State Sources	253.64
Interfunds Receivable - General Fund	17,011.00
Inventories	<u>1,100.14</u>
 Total Current Assets	 <u>60,850.57</u>

Noncurrent assets:

Capital Assets	65,248.00
Less: Accumulated Depreciation	<u>(62,985.00)</u>
 Total Noncurrent Assets	 <u>2,263.00</u>

Total Assets	<u>63,113.57</u>
--------------	------------------

LIABILITIES

Current Liabilities:

Accounts Payable	<u>\$</u>
 Total Liabilities	 <u> </u>

NET ASSETS

Investment in Capital Assets Net of Related Debt	2,263.00
Unrestricted	<u>60,850.57</u>
 Total Net Assets	 <u><u>\$ 63,113.57</u></u>

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

G-2

Operating revenues:

Charges for Services:

Total Daily Sales - Reimbursable Programs	\$ 120,575.00
Daily Sales - Non-Reimbursable Programs	<u>9,869.00</u>

Total Operating Revenues	<u>130,444.00</u>
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Operating expenses:

Cost of Sales	95,549.36
Salaries	50,735.27
Employee Benefits	7,253.21
Supplies and Materials	1,506.17
Management Fee	8,370.00
Miscellaneous Expenses	13,178.60
Depreciation Expense	<u>216.00</u>

Total Operating Expenses	<u>176,808.61</u>
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Operating Loss	<u>(46,364.61)</u>
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Nonoperating revenues:

Federal Sources:

School Breakfast Program	1,665.36
National School Lunch Program	47,381.60
Food Distribution Program	5,918.86

State Sources:

School Lunch Program	2,794.09
Local Source - Interest Revenue	<u>70.27</u>

Total nonoperating revenues	<u>57,830.18</u>
-----------------------------	------------------

Change in Net Assets	11,465.57
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Total Net Assets, Beginning of Year	<u>51,648.00</u>
-------------------------------------	------------------

Total Net Assets, End of Year	<u><u>\$ 63,113.57</u></u>
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BOROUGH OF EDGEWATER SCHOOL DISTRICT
FOOD SERVICE - ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

G-3

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers	\$ 130,444.00
Revenue receipts from General Fund	39,000.00
Payments to Food Service Vendor	(162,758.39)
Payments to Suppliers	<u>(8,807.51)</u>
Net cash used for operating activities	<u>(2,121.90)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Revenue	<u>70.27</u>
Net cash provided by investing activities	<u>70.27</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State Sources	2,146.78
Federal Sources	<u>38,209.32</u>
Net cash provided by non-capital financing activities	<u>40,356.10</u>
Net decreases) in cash and cash equivalents	<u>38,304.47</u>
Cash and Cash Equivalents, July 1	<u> </u>
Cash and Cash Equivalents, June 30	<u><u>\$ 38,304.47</u></u>

Reconciliation of Operating Loss to Net Cash Used for

Operating Activities:	
Operating Loss	\$ (46,364.61)
Adjustment to Reconcile Operating Loss to Cash	
Used for Operating Activities:	
Revenue Realized thru General Fund	11,484.95
Depreciation	216.00
Federal Food Distribution Program	5,918.86
Change in Assets and Liabilities:	
Decrease in Inventories	222.86
Decrease in Interfund Receivable	27,933.00
Increase in Account Receivable	(417.96)
Decrease in Accounts Payable	<u>(1,115.00)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (2,121.90)</u></u>

INTERNAL SERVICE FUND

H. FIDUCIARY FUND

BLOOMFIELD TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

H-2

NOT APPLICABLE

BOROUGH OF EDGEWATER SCHOOL DISTRICT
 STUDENT ACTIVITY AGENCY FUND
 STATEMENT OF ACTIVITY
 FOR FISCAL YEAR ENDED JUNE 30, 2011

H-3

	<u>Balance July 1, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2011</u>
Elementary Schools:				
Eleanor Van Gelder	\$ 555.00	\$ 35,122.66	\$ 16,744.90	\$ 18,932.76
Total All Schools	<u>\$ 555.00</u>	<u>\$ 35,122.66</u>	<u>\$ 16,744.90</u>	<u>\$ 18,932.76</u>

BOROUGH OF EDGEWATER SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

H-4

ASSETS	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Cash and Cash Equivalents	\$ 123,898.00	\$ 4,913,282.59	\$ 5,009,787.96	\$ 27,392.63
Total Assets	<u>\$ 123,898.00</u>	<u>\$ 4,913,282.59</u>	<u>\$ 5,009,787.96</u>	<u>\$ 27,392.63</u>
 LIABILITIES				
Accounts Payable	\$ 4,534.00	-	\$ 4,534.00	\$
Interfund Payable - General Fund	119,364.00	-	109,864.65	9,499.35
Payroll Deductions and Withholdings	<u>-</u>	<u>4,913,282.59</u>	<u>4,895,389.31</u>	<u>17,893.28</u>
Total Liabilities	<u>\$ 123,898.00</u>	<u>\$ 4,913,282.59</u>	<u>\$ 5,009,787.96</u>	<u>\$ 27,392.63</u>

I. LONG-TERM DEBT

BOROUGH OF EDGEWATER SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

I-1
Sheet 1

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Annual Maturities of Bonds Outstanding June 30, 2011</u>	<u>Interest Rate</u>	<u>Balance July 1, 2010</u>	<u>Retired or Matured</u>	<u>Balance June 30, 2011</u>
Eleanor Van Gelder School Improvements	05/01/03	\$ 5,827,000	9/01/11	260,000	3.30%		
			9/01/12	270,000	3.30%		
			9/01/13	280,000	3.40%		
			9/01/14	290,000	3.40%		
			9/01/15	300,000	3.45%		
			9/01/16	330,000	3.55%		
			9/01/17	340,000	3.65%		
			9/01/18	360,000	3.75%		
			9/01/19	380,000	3.875%		
			9/01/20	390,000	4.00%		
			9/01/21	400,000	4.05%		
			400,000	4.15%	\$ 4,257,000.00	\$ 257,000.00	\$ 4,000,000.00
Refunding 1994 School Bonds for Eleanor Van Gelder School Improvements	09/01/03	2,040,000	03/01/12	205,000	4.00%		
			03/01/13-14	200,000	4.25%	810,000.00	205,000.00
Eleanor Van Gelder School Roof Replacement	08/08/07	665,000	09/15/11-12	60,000	4.00%		
			09/15/13-14	65,000	4.00%		
			09/15/15	70,000	5.00%		
			75,000	5.00%	525,000.00	55,000.00	470,000.00

BOROUGH OF EDGEWATER SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
(Continued)

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Annual Maturities of Bonds Outstanding June 30, 2011</u>	<u>Interest Rate</u>	<u>Balance July 1, 2010</u>	<u>Retired or Matured</u>	<u>Balance June 30, 2011</u>
			<u>Date</u> <u>Amount</u>				
Construction of a New Elementary School and Installation of Solar Panels at the Eleanor Van Gelder School	05/20/10	\$ 28,728,000	03/01/12 85,000	3.00%			
			03/01/13 100,000	3.00%			
			03/01/14 110,000	3.00%			
			03/01/15 340,000	3.00%			
			03/01/16-17 350,000	3.00%			
			03/01/18 365,000	4.00%			
			03/01/19 455,000	4.00%			
			03/01/20 465,000	4.00%			
			03/01/21 490,000	4.00%			
			03/01/22 515,000	4.00%			
			03/01/23 550,000	4.00%			
			03/01/24 1,000,000	4.00%			
			03/01/25 1,050,000	4.00%			
			03/01/26 1,100,000	4.00%			
			03/01/27 1,145,000	4.00%			
			03/01/28 1,195,000	4.00%			
		03/01/29 1,240,000	4.00%				
		03/01/30 1,300,000	4.00%				
		03/01/31 1,355,000	4.10%				
		03/01/32 1,410,000	4.15%				
		03/01/33 1,470,000	4.20%				
		03/01/34 1,535,000	4.25%				
		03/01/35 1,600,000	4.25%				
		03/01/36 1,670,000	4.30%				
		03/01/37 1,740,000	4.30%				
		03/01/38 1,815,000	4.30%				
		03/01/39 1,890,000	4.30%				
		03/01/40 1,968,000	4.30%				
					28,728,000.00	70,000.00	\$ 28,658,000
					<u>\$ 34,320,000.00</u>	<u>\$ 587,000.00</u>	<u>\$ 33,733,000.00</u>

BOROUGH OF EDGEWATER SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR FISCAL YEAR ENDED JUNE 30, 2011

I-2

NOT APPLICABLE

BOROUGH OF EDGEWATER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

I-3

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<u>Revenues</u>				
Local Sources:				
Local Tax Levy	\$ 2,392,641.00	\$ 2,392,641.00	\$ 2,392,641.00	\$ -
State Sources:				
Debt Service Aid Type II	25,560.00	25,560.00	25,560.00	
Miscellaneous				
Interest Earned - Capital Projects Fund			49,147.06	49,147.06
<u>Total Revenues</u>	<u>2,418,201.00</u>	<u>2,418,201.00</u>	<u>2,467,348.06</u>	<u>49,147.06</u>
<u>Expenditures</u>				
Regular Debt Service:				
Interest Payment	1,428,651.00	1,428,651.00	1,129,116.56	299,534.44
Redemption of Principal	992,000.00	992,000.00	587,000.00	405,000.00
<u>Total Regular Debt Service</u>	<u>2,420,651.00</u>	<u>2,420,651.00</u>	<u>1,716,116.56</u>	<u>704,534.44</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(2,450.00)	(2,450.00)	751,231.50	753,681.50
Fund Balance, July 1	2,450.00	2,450.00	2,450.00	-
Fund Balance, June 30	\$ -	\$ -	\$ 753,681.50	\$ 753,681.50

INTRODUCTION TO THE STATISTICAL SECTION

FINANCIAL TRENDS

BOROUGH OF EDGEWATER SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS
(Accrual Basis of Accounting) - Unaudited

J-1

	2005	2006	2007	2008	2009	2010	2011
Governmental Activities							
Invested in Capital Assets - Net of Related Debt	\$ 988,593	\$ 4,092,718	\$ 4,442,448	\$ 4,445,172	\$ 4,942,981	\$ 5,188,665	\$ 5,518,375
Restricted	2,648,816	1,552,927	1,971,323	3,359,916	3,552,692	3,488,846	26,012,480
Unassigned	83,076	59,368	132,021	24,907	283,293	28,300	(22,537,284)
Total Governmental Activities Net Assets	\$ 3,730,485	\$ 5,705,013	\$ 6,545,792	\$ 7,829,995	\$ 8,788,966	\$ 8,705,811	\$ 8,993,571
Business-Type Activities							
Invested in Capital Assets - Net of Related Debt	\$ 29,988	\$ 23,282	\$ 3,631	\$ 2,911	\$ 2,695	\$ 2,479	\$ 2,263
Unassigned	(28,184)	4,859	17,680	23,405	35,664	49,169	60,851
Total Governmental Activities Net Assets	\$ 1,804	\$ 28,141	\$ 21,311	\$ 26,316	\$ 38,359	\$ 51,648	\$ 63,114
District-Wide:							
Invested in Capital Assets - Net of Related Debt	\$ 1,028,581	\$ 4,116,000	\$ 4,446,079	\$ 4,448,083	\$ 4,945,676	\$ 5,191,144	\$ 5,520,638
Restricted	2,648,816	1,552,927	1,971,323	3,359,916	3,552,692	3,488,846	26,012,480
Unassigned	54,892	64,227	149,701	48,312	328,957	77,469	(22,476,433)
Total District Assets	\$ 3,732,289	\$ 5,733,154	\$ 6,567,103	\$ 7,856,311	\$ 8,827,325	\$ 8,757,459	\$ 9,056,685

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

Source: Borough of Edgewater School District Financial Reports

BOROUGH OF EDGEWATER SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS
 (Accrual Basis of Accounting) - Unaudited

1-2

	2005	2006	2007	2008	2009	2010	2011
Expenses							
Government Activities Instruction:							
Regular	\$ 2,440,490	\$ 2,176,669	\$ 2,613,161	\$ 2,791,989	\$ 3,122,285	\$ 3,303,923	\$ 3,422,408
Special Education	316,240	690,678	723,760	787,540	647,845	575,935	440,727
Other Special Instruction	512,855	318,270	371,414	355,771	341,887	537,482	502,098
Other Instruction	36,229	44,891	37,399	38,307	35,864	25,141	51,608
Support Services:							
Tuition	4,951,188	4,866,707	5,099,432	5,145,880	5,289,052	5,466,774	5,804,159
Student & Instruction Related Services	1,000,954	1,014,648	1,253,218	1,205,302	1,308,713	1,411,433	1,372,698
General Administration Services	201,573	242,873	224,882	266,922	255,315	327,550	306,579
School Administrative Services	161,880	206,485	119,670	183,921	162,069	261,572	203,485
Central Services	257,871	279,733	298,857	203,011	220,859	248,647	283,399
Administrative Information Technology	73,798	46,432	62,035	69,817	68,140	72,743	98,598
Plant Operations and Maintenance	470,613	586,892	762,420	771,704	817,827	758,260	695,498
Pupil Transportation	799,042	861,266	950,707	828,515	696,694	925,277	929,443
Special Schools	-	-	8,126	12,196	3,486	18,838	18,135
Transfer of Funds to Charter Schools	-	-	-	-	-	72,114	78,454
State Assessment on EDA Grants	269,463	182,407	246,537	249,157	244,732	360,455	1,224,989
Interest in Long-Term Debt	79,272	73,744	159,415	238,407	241,035	244,055	257,290
Unallocated Depreciation							
Total Governmental Activities Expenses	11,573,468	11,591,695	12,930,033	13,148,439	13,655,803	14,610,199	15,711,542
Business-Type Activities:							
Food Service	113,524	117,807	125,875	139,079	145,114	172,402	176,593
Career Life Skills	203,110	150,144	52,787				
Total Business-type Activities Expenses	316,634	267,951	178,662	139,079	145,114	172,402	176,593
Total District-wide Expenses	11,890,102	11,859,646	13,108,695	13,287,518	13,800,917	14,782,601	15,888,135
Program Revenues							
Governmental Activities:							
Charges for Services	-	-	-	34,029	47,695	66,649	
Operating Grants and Contributions	1,668,310	1,800,540	1,926,009	1,916,560	1,793,382	1,788,783	791,842
Capital Grants and Contributions	1,277,087	693,052					
Total Governmental Activities	2,945,397	2,493,592	1,926,009	1,950,589	1,791,077	1,855,432	791,842
Business Type Activities:							
Charge for Food Services	58,360	69,808	92,924	94,756	110,611	130,764	130,444
Career Life Skills	197,025	32,059	19,425				
Capital Grants and Contributions	48,515	48,858	46,721	49,328	46,546	54,833	57,760
Total Business Type Activities	303,900	150,725	159,070	144,084	157,157	185,597	188,204
Total District-wide Program Revenues	3,249,297	2,644,317	2,085,079	2,094,673	1,938,234	2,041,029	980,046
Net (Expense) Revenue							
Governmental Activities	(8,628,071)	(9,098,103)	(11,004,024)	(11,197,850)	(11,874,726)	(12,754,767)	(14,919,701)
Business-Type Activities	(12,734)	(117,226)	(19,592)	5,005	12,043	13,195	11,611
Total District-Wide Net (Expense)/Revenue	(8,640,805)	(9,215,329)	(11,023,616)	(11,192,845)	(11,862,683)	(12,741,572)	(14,908,089)

BOROUGH OF EDGEWATER SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS
(Accrual Basis of Accounting) - Unaudited

J-2
Sheet 2

	2005	2006	2007	2008	2009	2010	2011
General Revenue and Other Changes in Net Assets							
Governmental Activities							
Property Taxes - General Purpose, Net	\$ 9,674,126	\$ 10,279,851	\$ 10,863,869	\$ 11,411,111	\$ 11,666,842	\$ 11,741,879	12,154,377
Taxes Levied for Debt Service	532,892	651,232	695,876	726,687	730,728	663,320	2,392,641
Unrestricted Grants and Contributions	99,452	103,516	142,619	174,988	243,058	112,011	508,663
Interest and Miscellaneous Income	193,155	181,595	155,201	169,257	193,069	154,402	227,054
Cancellation of Grants Receivable							(75,275)
Transfers	(10,023)	(143,563)	(12,762)	-	-	-	-
Total Governmental Activities General Revenues and Other Changes	10,489,602	11,072,631	11,844,803	12,482,053	12,833,697	12,671,612	15,207,460
Business-Type Activities:							
Investment Earnings	-	-	-	-	-	94	70
Transfers	10,023	143,563	12,762	-	-	-	-
Total Business-type Activities General Revenues and Other Changes	10,023	143,563	12,762	-	-	94	70
Total District-Wide General Revenues and Other Changes in Net Assets	10,499,625	11,216,194	11,857,565	12,482,053	12,833,697	12,671,706	15,207,530
Change in Net Assets							
Governmental Activities	1,861,531	1,974,528	840,779	1,284,203	958,971	(83,155)	287,760
Business-type Activities	(2,711)	26,337	(6,830)	5,005	12,043	13,289	11,681
Total District-wide Change in Net Assets	\$ 1,858,820	\$ 2,000,865	\$ 833,949	\$ 1,289,208	\$ 971,014	\$ (69,866)	\$ 299,441

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

Source: Borough of Edgewater School District Financial Reports

BOROUGH OF EDGEWATER SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS
(Accrual Basis of Accounting) - Unaudited

J-3

	2005	2006	2007	2008	2009	2010	2011
General Fund	\$ 729,923	\$ 1,471,588	\$ 1,884,316	\$ 3,047,027	\$ 3,327,282	\$ 3,299,978	\$ 2,480,182
Reserved	314,622	358,297	383,828	298,837	575,348	408,884	451,141
Unreserved							
Total General Fund	\$ 1,044,545	\$ 1,829,885	\$ 2,268,144	\$ 3,345,864	\$ 3,902,610	\$ 3,708,862	\$ 2,931,323
All Other Governmental Funds:							
Reserved	\$ 1,920,668	\$ 13,821	\$ -	\$ -	\$ -	\$ 41,006	\$ -
Unreserved/(Deficit), Reported in:							
Special Revenue Fund	(13,962)	(13,962)	(5,619)	(3,043)	(4,084)	(8,005)	(1,328)
Capital Projects Funds	(14,882)	81,480	92,626	283,291	194,423	28,455,235	23,807,614
Debit Service Fund	27,069	-	-	32,641	35,091	2,450	753,681
Total All Other Governmental Funds	\$ 1,918,893	\$ 81,339	\$ 87,007	\$ 312,889	\$ 225,430	\$ 28,490,686	\$ 24,559,967
Total Governmental Funds	\$ 2,963,438	\$ 1,911,224	\$ 2,355,151	\$ 3,658,753	\$ 4,128,040	\$ 32,199,548	\$ 27,491,290

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

Source: Borough of Edgewater School District Financial Reports

BOROUGH OF EDGEWATER SCHOOL DISTRICT
CHANGE IN FUND BALANCES-GOVERNMENTAL FUNDS
LAST SEVEN YEARS
(Modified Accrual Basis of Accounting) - Unaudited

J-4

	2005	2006	2007	2008	2009	2010	2011
<u>Revenues</u>							
Tax Levy	\$ 10,207,018	\$ 10,931,083	\$ 11,559,745	\$ 12,137,798	\$ 12,397,570	\$ 12,405,199	\$ 14,547,018
Tuition Charges	-	-	-	34,029	47,695	66,649	-
Interest Earnings	150,835	119,551	140,520	120,521	36,225	16,398	2,107
Miscellaneous	42,320	44,044	14,981	33,489	156,844	137,808	224,947
State Sources	2,778,700	2,271,529	1,832,167	1,838,823	1,764,271	1,493,351	1,070,741
Federal Sources	266,149	325,579	236,461	252,735	212,169	407,443	229,764
Total Revenues	<u>13,445,022</u>	<u>13,691,786</u>	<u>13,783,574</u>	<u>14,417,395</u>	<u>14,614,774</u>	<u>14,526,848</u>	<u>16,074,577</u>
<u>Expenditures</u>							
Instruction:							
Regular	1,950,804	1,621,289	1,755,315	1,921,058	2,284,748	2,476,753	2,554,507
Special	249,704	602,988	582,530	662,975	540,709	462,953	319,472
Other Special	402,948	233,105	248,989	238,685	247,679	392,477	362,812
Other Instruction	29,963	33,553	24,765	25,868	26,276	19,181	37,238
Support Services:							
Tuition	4,951,188	4,866,707	5,099,432	5,145,880	5,289,052	5,466,774	5,804,159
Student and Instruction Related Services	880,594	889,891	1,073,421	1,035,743	1,081,518	1,095,363	1,146,240
General Administrative Services	177,730	202,752	201,131	239,620	227,339	306,046	272,296
School Administrative Services	126,897	128,140	140,623	127,920	121,833	197,829	148,041
Central Services	205,586	242,009	261,094	165,461	181,043	202,034	211,917
Administrative Information Technology	60,256	39,516	49,686	57,642	54,984	59,223	77,318
Plant Operations and Maintenance	403,011	524,410	706,071	611,413	595,124	708,888	771,579
Pupil Transportation	781,903	851,603	919,182	802,120	866,775	904,391	896,193
Unallocated Benefits	1,020,264	928,089	1,496,214	1,476,214	1,471,438	1,653,241	1,635,813
Special Schools	-	-	5,627	9,372	2,501	13,676	13,050
Transfer Funds to Charter Schools	-	-	-	-	-	72,114	78,454
Capital Outlay	4,789,795	2,776,074	50,625	580,023	369,987	426,182	4,816,356
Debt Service:							
Principal	385,000	420,000	450,000	445,000	540,000	500,000	587,000
Interest and Other Charges	269,771	258,301	245,876	249,046	244,481	226,411	1,129,117
Total Expenditures	<u>16,685,414</u>	<u>14,618,437</u>	<u>13,310,812</u>	<u>13,794,040</u>	<u>14,145,487</u>	<u>15,183,536</u>	<u>20,707,560</u>
Excess (Deficiency) of Revenue Over/(Under) Expenditures	<u>(3,240,392)</u>	<u>(926,651)</u>	<u>472,762</u>	<u>623,355</u>	<u>469,287</u>	<u>(656,688)</u>	<u>(4,632,983)</u>
<u>Other Financial Sources/(Uses)</u>							
Transfers In	135,174	63,148	60,875	58,697	13,172	9,605	49,147
Transfers Out	(145,197)	(206,711)	(89,710)	(58,697)	(13,172)	(9,605)	(49,147)
Cancellation of Grant Receivable	-	18,000	-	-	-	-	(75,275)
Premium on Sale of Bonds	-	-	-	15,247	-	196	-
Bond Proceeds	-	-	-	665,000	-	28,728,000	-
Total Other Financing Sources/(Uses)	<u>(10,023)</u>	<u>(125,563)</u>	<u>(28,835)</u>	<u>680,247</u>	<u>-</u>	<u>28,728,196</u>	<u>(75,275)</u>
Net Change in Fund Balances	<u>\$ (3,250,415)</u>	<u>\$ (1,052,214)</u>	<u>\$ 443,927</u>	<u>\$ 1,303,602</u>	<u>\$ 469,287</u>	<u>\$ 28,071,508</u>	<u>\$ (4,708,258)</u>
Debt Service as Percentage of Noncapital Expenditures	5.8%	6.1%	5.5%	5.5%	6.0%	5.2%	12.1%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2005.

Source: Borough of Edgewater School District Financial Reports.

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS**

Unaudited

(Modified Accrual Basis of Accounting)

J-5

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Tuition</u>	<u>Interest on</u> <u>Investments</u>	<u>Rental - Use</u> <u>of Facilities</u>	<u>Medical</u> <u>Contributions</u>	<u>Prior Year</u> <u>Reimbursements</u>	<u>Other</u>	<u>Total</u>
2002	\$ 15,228	\$ 10,377	\$ 7,940			\$ 19,220	\$ 52,765
2003	2,006	8,655	8,145			93,389	112,195
2004	-	11,701	5,470			11,470	28,641
2005	1,000	15,661	9,520			31,800	57,981
2006	-	74,403	5,650			38,394	118,447
2007	-	79,345	2,000			12,981	94,326
2008	34,029	77,071	18,230			15,259	144,589
2009	47,695	23,053	30,000			126,844	227,592
2010	66,649	6,989	30,000			107,808	211,446
2011		68,934	10,000	53,625	18,206	74,182	224,948

Source: Borough of Edgewater School District records

REVENUE CAPACITY

BOROUGH OF EDGEWATER SCHOOL DISTRICT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST SEVEN YEARS

Unaudited

J-6

Year Ended December 31	Vacant Land	Residential	Commercial	Industrial	Apartments	Total Assessed Value	Add Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2004	\$33,566,800	\$ 531,288,700	\$ 185,226,400	\$ 52,517,200	\$ 234,363,000	\$ 1,036,962,100	\$ 715,048	\$ 1,037,677,148	\$ 107,691,400	\$ 0.93	\$ 1,689,094,543
2005	33,282,500	556,259,300	207,103,000	40,935,900	224,645,600	1,062,226,300	597,970	1,062,824,270	107,953,600	0.99	1,961,630,483
2006	30,758,800	576,173,500	203,874,000	40,300,900	244,735,600	1,095,842,800	568,018	1,096,410,818	107,953,600	1.03	2,050,203,698
2007	27,174,800	588,285,400	236,662,300	16,900,800	246,879,600	1,115,902,900	441,857	1,116,344,757	107,953,600	1.09	2,704,484,870
2008*	52,490,700	1,760,369,900	613,151,200	42,425,700	552,095,100	3,020,532,600	1,091,713	3,021,624,313	221,474,700	0.40	2,891,438,483
2009	49,105,400	1,786,728,700	618,395,300	42,425,700	511,108,800	3,007,763,900	1,150,145	3,008,914,045	221,474,700	0.41	2,908,422,685
2010	47,424,500	1,771,314,100	611,067,900	42,049,000	488,763,400	2,960,618,900	1,450,701	2,962,069,601	222,611,000	0.455	2,894,436,437
2011	45,227,200	1,463,121,400	581,383,500	30,204,400	478,473,100	2,598,409,600	1,259,173	2,599,668,773	211,990,500	0.561	2,821,205,491

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when ordered by the County Board of Taxation.

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

^b - Tax rates are per \$100 of assessed value.

* - Revaluation effective in this year.

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

Source: Borough of Edgewater Tax Assessor.

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
DIRECT AND OVERLAPPING TAX RATES
LAST TEN YEARS
Unaudited
(Rate per \$100 of Assessed Value)**

J-7

Year Ended December 31.	Borough of Edgewater School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Edgewater	Bergen County	
2000	\$ 0.7258	\$ 0.0342	\$ 0.76	\$ 1.17	\$ 0.28	\$ 2.21
2001	0.7271	0.03	0.76	1.13	0.27	2.16
2002	0.7702	0.0298	0.80	1.23	0.28	2.31
2003	0.8212	0.0288	0.85	1.34	0.33	2.52
2004	0.8563	0.0737	0.93	1.33	0.34	2.60
2005	0.9383	0.0517	0.99	1.36	0.37	2.72
2006	0.9686	0.0614	1.03	1.47	0.34	2.84
2007	1.0244	0.0656	1.09	1.43	0.44	2.96
2008	0.3761 *	0.0239 *	0.40 *	0.52 *	0.17	1.09 *
2009	0.3858	0.0242	0.41	0.56	0.18	1.15
2010	0.4307	0.0243	0.455	0.581	0.189	1.225
2011	0.4687	0.0923	0.561	0.7 **	0.219	1.480

Note: N.J.S.A. 18A:7F-5D limits the amount that the District can submit for a General Fund tax levy. The levy when added to other components of the District's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

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

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

* - Reflects revaluation of real property.

** Includes Library

Source: Borough of Edgewater Tax Collector and School Business Administrator

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO
Unaudited**

J-8

Taxpayer	2011		2001	
	Taxable Assessed Valuation	% of Total District's Net Assessed Value	Assessed Valuation	% of Total District's Net Assessed Value
Edgewater Ret. Partners	\$ 126,000,000	4.85%	\$	
Avalonbay Com.	112,200,000	4.32%		
I. Park Edgewater, LLC	94,338,000	3.63%		
Edgewater Colony, Inc.	72,600,100	2.79%	16,573,200	1.83%
Windsor at Mariner's Tower, LLC	70,200,000	2.70%		
Portside Gorge Associates, LLC	55,750,000	2.15%		
AIMCO River Club, LLC	52,000,000	2.00%		
Edgewater Theatre, inc.	37,379,800	1.44%		
California State Teachers' Retirement System	32,450,000	1.25%		
YNJ LLC	32,000,000	1.23%		
Edgewater Commons Partners, LP			39,300,000	4.33%
Lever Bros.			21,947,900	2.42%
Edgewater Associates			17,975,000	1.98%
A.P. New Jersey (Alcoa)			8,850,000	0.98
Edgewater Residential Development			8,520,000	0.94
HESS Oil and Chemical			8,265,700	0.91
Caribbean House			5,300,000	0.58
Grand Cove I Apts.			5,288,100	0.58
Grand Cove I Apts.			5,111,900	0.56
Total	<u>\$ 684,917,900</u>	<u></u>	<u>137,131,800</u>	<u>15.11%</u>

Source: Borough of Edgewater Tax Assessor.

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
Unaudited**

J-9

<u>Fiscal Year Ended June 30</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected Within the Fiscal Year of the Levy^a</u>		
		<u>Amount</u>	<u>Percentage of Levy</u>	<u>Collections in Subsequent Years</u>
2002	\$ 7,389,809	\$ 7,389,809	100.00%	\$
2003	7,963,615	7,963,615	100.00%	
2004	9,144,768	9,144,768	100.00%	
2005	10,207,018	10,207,018	100.00%	
2006	10,931,083	10,931,083	100.00%	
2007	11,559,745	11,559,745	100.00%	
2008	12,137,798	12,137,798	100.00%	
2009	12,397,570	12,397,570	100.00%	
2010	12,405,199	12,405,199	100.00%	
2011	14,547,018	14,547,018	100.00%	

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

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

DEBT CAPACITY

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
RATIOS OR OUTSTANDING DEBT BY TYPE
LAST SEVEN FISCAL YEARS
Unaudited**

J-10

Fiscal Year Ended <u>June 30,</u>	<u>Governmental Activities</u>		Total <u>District</u>	Percentage of Personal <u>Income^a</u>	<u>Per Capital^b</u>
	General Obligation <u>Bonds</u>	Bond Anticipation Notes (<u>BANs</u>)			
2005	\$7,282,000	\$	\$7,282,000	1.45%	\$789.98
2006	6,862,000		6,862,000	1.27%	724.22
2007	6,412,000		6,412,000	1.08%	681.11
2008	6,632,000		6,632,000	1.04%	700.46
2009	6,092,000		6,092,000	0.94%	636.04
2010	34,320,000	1,000,000	35,320,000	5.42%	3,669.99
2011	33,733,000		33,733,000	4.55%	2,929.99

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

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

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

Source: Borough of Edgewater School District Financial Reports.

**BOROUGH OD EDGEWATER SCHOOL DISTRICT
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST SEVEN FISCAL YEARS**

Unaudited

J-11

Fiscal Year Ended <u>June 30,</u>	<u>General Bonded Debt Outstanding</u>		Net General Bonded Debt <u>Outstanding</u>	Percentage of Net Valuation Taxable ^a	<u>Per Capita^b</u>
	General Obligation <u>Bonds</u>	<u>Deductions</u>			
2005	\$ 7,282,000	\$	\$ 7,282,000	0.702%	\$ 789.98
2006	6,862,000		6,862,000	0.646%	724.22
2007	6,412,000		6,412,000	0.585%	681.11
2008	6,632,000		6,632,000	0.594%	700.46
2009	6,092,000		6,092,000	0.202%	636.04
2010	34,320,000		34,320,000	1.141%	3,566.08
2011	33,733,000		33,733,000	1.30%	2,929.99

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

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

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

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

Source: Borough of Edgewater School District Financial Reports.

**BOROUGH OF EDGEWATER SCHHOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2010
Unaudited**

J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Borough of Edgewater	\$ 33,469,274.00	100%	\$ 33,469,274.00
Bergen County General Obligation Debt	730,825,490.00	1.86%	13,573,263.90
Total Overlapping Debt			47,042,537.90
Borough of Edgewater School District Direct Debt			<u>33,733,000.00</u>
Total Direct and Overlapping Debt			<u>\$ 80,775,537.90</u>

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

^a - For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of another governmental unit's equalized property value that is within the District's boundaries and dividing it by each unit's total equalized property value.

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

BOROUGH OF EDGEWATER SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL
 YEARS
 Unaudited

J-13

Legal Debt Margin Calculation for Fiscal Year 2011

Year	Valuation Basis	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
2008	\$ 2,801,198,739										
2009	2,820,483,777										
2010	2,833,941,706										
	<u>\$8,455,624,222</u>										
Average Equalized Valuation of Taxable Property	\$ 2,818,541,407										
Debt Limit (2.5% of Average Equalization Value) ^a	\$ 70,463,535										
Net Bonded School Debt as of June 30, 2011	33,733,000										
Legal Debt Margin	\$ 36,730,535										
		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$23,655,811	\$28,493,289	\$40,479,413	\$44,455,110	\$52,895,962	\$60,449,990	\$67,829,588	\$69,785,664	\$70,463,535		
Total Net Debt Applicable to Limit	2,250,000	7,927,000	7,282,000	6,862,000	6,412,000	6,632,000	6,092,000	34,320,000	33,733,000		
Legal Debt Margin	\$21,405,811	\$20,566,289	\$33,197,413	\$37,593,110	\$46,483,962	\$53,817,990	\$61,737,588	\$35,465,664	\$36,730,535		
Total Net Debt applicable to the Limit as a Percentage of Debt Limit	9.51%	27.82%	17.99%	15.44%	12.12%	10.97%	8.98%	49.18%	47.87%		

^a - Limit set by N.J.S.A. 18A:24-19 for a K through 6 district; other % limits would be applicable for other districts.

DEMOGRAPHIC AND ECONOMIC INFORMATION

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS
 Unaudited**

J-14

<u>Year</u>	<u>Borough Population^a</u>	<u>Bergen County Per Capita Personal Income^b</u>	<u>Borough Personal Income^c</u>	<u>Borough Unemployment Rate^d</u>
2002	9,175	51,931	476,466,925	3.70%
2003	9,220	51,291	472,903,020	3.70%
2004	9,218	54,669	503,938,842	3.00%
2005	9,475	56,963	539,724,425	3.80%
2006	9,414	63,021	593,279,694	4.00%
2007	9,468	67,113	635,425,884	3.60%
2008	9,578	68,541	648,392,288	4.70%
2009	9,624	64,388	651,506,304	8.40%
2010	11,513	64,388	* 741,299,044	8.60%

* - Latest Bergen County per capita personal income available (2009) was used for calculation purposes.

Source:

^a - Population information provided by the US Department of Census - Population Division.

^b - Per Capita Personal Income provided by the US Department of Commerce - bureau of Economic Analysis

^c - Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.

^d - Unemployment data provided by the NJ Department of Labor and Workforce Development.

BOROUGH OF EDGEWATER SCHOOL DISTRICT
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND TEN
 YEARS AGO
 Unaudited

J-15

	2011		2000		<u>% of Total Municipal Employment</u>
	<u>Employer</u>	<u>Employees</u>	<u>Employer</u>	<u>Employees</u>	
*	*	*	*	*	*
*	*	*	*	*	*
*	*	*	*	*	*
*	*	*	*	*	*
*	*	*	*	*	*
*	*	*	*	*	*
*	*	*	*	*	*
*	*	*	*	*	*
*	*	*	*	*	*
*	*	*	*	*	*

NOTE:
 The District was unsuccessful in its attempts to obtain information regarding the principal employers of the Borough

* Information not available

OPERATING INFORMATION

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST SEVEN
 FISCAL YEARS
 Unaudited**

J-16

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction							
Regular	25.0	27.0	31.2	31.2	36.0	36.0	44.5
Special Education	3.0	4.0	4.0	4.0	4.0	4.0	6.0
Other Special Education	4.0	4.0	4.0	4.0	4.0	4.0	5.0
Other Instruction	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Support Services:							
Student & Instruction Related Services	5.5	5.5	5.5	5.5	5.5	5.5	6.5
General Administration Services	0.5	0.5	1.5	1.5	1.5	1.5	1.0
School Administration Services	2.0	3.0	2.0	2.0	2.0	2.0	2.0
Central Services	3.0	3.0	3.0	3.0	3.0	3.0	3.5
Administration Information Technology	1.0	1.0	1.0	1.0	1.0	1.0	1.5
Plant Operations and Maintenance	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Career Life Skills	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total	<u>51.0</u>	<u>55.0</u>	<u>59.1</u>	<u>58.2</u>	<u>63.0</u>	<u>63.0</u>	<u>76.0</u>

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

Source: Borough of Edgewater District Personnel Records

BOROUGH OF EDGEWATER SCHOOL DISTRICT
 OPERATING STATISTICS
 LAST SEVEN FISCAL YEARS
 Unaudited

J-17

Fiscal Year	<u>Enrollment - Grades</u>		Operating Expenditures ^a	Cost per Pupil ^b	Percentage Change	Teaching Staff	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
	Pre-K-6	7-12									
2005	419	283	11,240,848	16,013	4.94%	33	11.0:1	395	374	-3.66%	94.68%
2006	403	280	11,164,062	16,346	2.09%	36	11.2:1	411	373	405.00%	90.63%
2007	409	258	12,564,311	18,837	15.24%	37	11.1:1	416	397	1.22%	95.43%
2008	425	273	12,519,971	17,937	-4.78%	37	11.1:1	445	425	6.97%	95.51%
2009	488	269	12,991,019	17,161	-4.32%	36	13.56:1	486	463	9.21%	95.27%
2010	597	295	14,030,943	15,730	-8.34%	36	16.50:1	594	566	22.22%	95.29%
2011	628	325	14,197,062	14,897	-5.30%	44.5	14.11:1	618.8	590.8	4.42%	95.57%

Note: Enrollment based on annual October District count.

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

^b - Cost per pupil represents operating expenditures divided by enrollment. This cost per pupil may be different from other cost per pupil calculations.

^c - Teaching staff includes only full-time equivalents of certificated staff.

^d - Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

Source: Borough of Edgewater School District Records

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST SEVEN
FISCAL YEARS
Unaudited**

J-18

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>District Building</u>							
<u>Elementary</u>							
George Washington School (1929):							
Square Feet	23,155	23,155	23,155	23,155	23,155	23,155	N/A
Capacity (students)	350	350	350	350	350	350	N/A
Enrollment	30	30	30	N/A	N/A	N/A	N/A
Eleanor Van Gelder School (1914):							
Square Feet	63,941	63,941	63,941	63,941	63,941	63,941	63,941
Capacity (students)	565	565	565	565	565	565	565
Enrollment	389	373	379	425	488	597	628

Number of Schools at June 30, 2011

Elementary = 1

Other = 1

N/A - Not Applicable.

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

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

Source: Borough of Edgewater School District Board office.

BOROUGH OF EDGEWATER SCHOOL DISTRICT
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST TEN FISCAL YEARS
 Unaudited

J-19

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

School Facilities*	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
George Washington	\$ 116,525	\$ 58,737	\$ 33,185	\$	\$	\$	\$	\$	\$	\$
Eleanor Van Gelder	256,144	129,117	72,946	103,644	141,808	138,664	135,138	132,590	247,936	187,657
	\$ 372,669	\$ 187,854	\$ 106,131	\$ 103,644	\$ 141,808	\$ 138,664	\$ 135,138	\$ 132,590	\$ 247,936	\$ 187,657

* - School facilities as defined under EFCFA (N.J.A.C. 6A:26-1-2 and N.J.A.C. 6:26-1.3).

Source: Borough of Edgewater School District Records

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2011
Unaudited**

J-20

	Coverage	Deductible
School Package Policy - NJ School Boards Association Insurance Group:		
Property:		
Blanket Real and Personal Property	\$ 300,000,000	\$ 5,000
Blanket Extra Expense	50,000,000	5,000
Blanket Valuable Papers	10,000,000	5,000
Flood Insurance:		
Zones A and V	10,000,000	500,000
All Other Zones	50,000,000	10,000
Earthquake Insurance	50,000,000	5,000
Demolition and Increased Cost of Construction	10,000,000	5,000
Electronic Data Processing:		
Blanket Hardware	250,000	1,000
Blanket Extra Expense	Included	1,000
Boiler and Machinery:		
Property Damage	100,000,000	5,000
Crime:		
Public Employee Dishonesty with Faithful Performance	250,000	1,000
Theft, Disappearance and Destruction:		
Loss of Money and Securities	10,000	500
Money Orders and Counterfeit Paper Currency	25,000	500
Forgery or Alteration	250,000	1,000
Computer Fraud	250,000	1,000
Comprehensive General Liability:		
Bodily Injury and Property Damage	16,000,000	1,000
Employee Benefit Liability	16,000,000	1,000
Automobile:		
Liability	16,000,000	
School Board Legal Liability - NJ School Boards Association Insurance Group:		
School Leaders Errors and Omissions:		
Coverage A	16,000,000	5,000
Coverage B	100,000/300,000	5,000
Workers' Compensation and Employers' Liability - NJ School Boards Association Insurance Group:		
Workers' Compensation	Statutory	
Employers' Liability	2,000,000	
Public Employees' Faithful Performance Blanket Position Bond- NJSBAIG		
Board Secretary	200,000	1,000
Treasurer	200,000	1,000

Source: Borough of Edgewater School District records.

SINGLE AUDIT SECTION



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable President and Members
of the Board of Education
Borough of Edgewater School District
County of Bergen
Edgewater, New Jersey 07020

We have audited the financial statements of the Board of Education for the Borough of Edgewater School District in the County of Bergen, State of New Jersey, as of and for the year ended June 30, 2011, and have issued our report thereon dated November 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management and the Board of Education of the Borough of Edgewater School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Borough of Edgewater 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 Borough of Edgewater Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Edgewater Board of Education's internal control over financial reporting.

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

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

293 Eisenhower Parkway, Livingston, NJ 07039
(973) 535-2880

832 McLean Avenue, Yonkers, NY 10704
(914) 237-3676

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Edgewater 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 those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

We noted certain matters that we reported to the Board of Education of the Borough of Edgewater School District in a separate report entitled *Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* dated November 7, 2011.

This report is intended for the information and use of the audit committee, management, the Borough of Edgewater Board of Education, the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McEnerney, Brady & Company, LLC

McEnerney, Brady & Company, LLC
Certified Public Accountants

John Lauria

John Lauria, RMA
Licensed Public School Accountant #208700

Livingston, New Jersey
November 7, 2011



Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04

The Honorable President and Members
of the Board of Education
Borough of Edgewater School District
County of Bergen
Edgewater, New Jersey 07020

Compliance

We have audited Borough of Edgewater School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement and New Jersey OMB Circular 04-04* that could have a direct and material effect on each of Borough of Edgewater School District's major federal and state programs for the year ended June 30, 2011. Borough of Edgewater School District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Borough of Edgewater School District's management. Our responsibility is to express an opinion on Borough of Edgewater School District'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; and OMB Circular A-133 and New Jersey OMB Circular 0-04 and audit requirements as prescribed by the Division of Finance, Department of Education – OMB Circular 04-04. Those standards and OMB Circular A-133 and NJ OMB 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 programs occurred. An audit includes examining, on a test basis, evidence about Borough of Edgewater School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Borough of Edgewater School District's compliance with those requirements.

In our opinion, Borough of Edgewater School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2011.

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Internal Control Over Compliance

Management of Borough of Edgewater School District 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 Borough of Edgewater School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal and state programs to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Borough of Edgewater School District's internal control over compliance.

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

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

Borough of Edgewater School District's responses to the finding identified in our audit are described in the accompanying schedule of finding and questioned costs. We did not audit Borough of Edgewater School District's responses and accordingly, we express no opinion on the responses.

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

McEnerney, Brady & Company, LLC

McEnerney, Brady & Company, LLC
Certified Public Accountants

John Lauria

John Lauria, RMA
Licensed Public School Accountant #208700

Livingston, New Jersey
November 7, 2011

BOROUGH OF EDGEWATER
SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/ Pass-Through Grantor Program Title	Federal GFDA Program	Award Amount	Grant Period	Balance, June 30, 2010		Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year Balance	Balance, June 30, 2011	
				Accounts Receivable	Deferred Revenue						Accounts Receivable	Deferred Revenue
U.S. Department of Education												
Passed - Through State Department of Education:												
Special Revenue Fund:												
ID.E.A. Part B	84.027	161,475.00	9/1/10-8/31/11	\$	\$	\$	\$	\$ (148,199.20)	\$	\$	\$ (148,199.20)	\$
ID.E.A. Part B	84.027	139,437.00	9/1/09-8/31/10	(139,065.00)			139,065.00	(372.00)			(372.00)	
ID.E.A. Part B	84.027	137,910.00	9/1/09-8/31/09	(16,259.00)			16,259.00					
ID.E.A. Part B	84.027	136,078.00	9/1/07-8/31/08		7,603.00				(7,603.00)			
ID.E.A. - Preschool	84.173	6,253.00	9/1/10-8/31/11	(5,847.00)			5,847.00	(1,707.00)			(1,707.00)	
ID.E.A. - Preschool	84.173	6,215.00	9/1/09-8/31/10		2,360.00			(368.00)			(368.00)	
ID.E.A. - Preschool	84.173	6,430.00	9/1/07-8/31/08	(47,861.00)			147,661.00					
ID.E.A. Part B, Basic ARRA	84.391	155,137.00	9/1/09-8/31/10	(4,486.00)			4,486.00					
ID.E.A. - Preschool ARRA	84.392	5,606.00	9/1/10-8/31/11					(42,465.00)			(42,465.00)	
ID.E.A. Part A	84.010	44,622.00	9/1/10-8/31/11	(48,212.00)			48,212.00					
Title I, Part A	84.010	48,212.00	9/1/09-8/31/10	(57,095.00)			57,095.00					
Title I, Part A - ARRA	84.389	12,866.00	9/1/09-8/31/10	(12,866.00)			12,866.00					
Title I, Part A	84.010	67,894.00	9/1/07-8/31/08		1,778.00				(1,778.00)			
Title II, Part A	84.168	25,161.00	9/1/10-8/31/11					(22,973.97)			(22,973.97)	
Title II, Part A	84.168	25,514.00	9/1/09-8/31/10	(25,514.00)			25,514.00					
Title II, Part A	84.168	25,972.00	9/1/09-8/31/10	(3,738.00)			3,738.00					
Title II, Part A	84.168	25,972.00	9/1/08-8/31/09	(2,954.00)			2,954.00					
Title II, Part D	84.168	305.00	9/1/10-8/31/11									
Title III - Other	84.365	12,385.00	9/1/10-8/31/11					(10,323.00)			(10,323.00)	
Title III - Immigrant	84.365	11,486.00	9/1/10-8/31/11					(9,088.45)			(9,088.45)	
Title III - Immigrant	84.365	21,319.00	9/1/09-8/31/10	(14,919.00)			14,919.00					
Title III - Immigrant	84.365	12,909.00	9/1/08-8/31/09	(1,167.00)			1,167.00	(6,400.00)			(6,400.00)	
Drug-Free Schools (Title IV)	84.188	1,189.00	9/1/09-8/31/10	(1,189.00)								
Drug-Free Schools (Title IV)	84.188	1,357.00	9/1/09-8/31/09	(360.00)			360.00				(1,189.00)	
Drug-Free Schools (Title IV)	84.188	746.00	9/1/07-8/31/08		746.00				(746.00)			
Total Special Revenue Fund				(481,257.00)	12,507.00		480,058.00	(241,896.62)	(12,507.00)		(243,085.62)	
U.S. Department of Agriculture												
Passed-Through State Department of Ed:												
Enterprise Fund:												
Food Distribution Program	10.550	5,918.86	7/1/10-6/30/11				5,918.86	(5,918.86)				
National School Breakfast Program	10.553	1,665.36	7/1/10-6/30/11				1,607.36	(1,665.36)			(58.00)	
National School Breakfast Program	10.553	201.00	7/1/09-6/30/10	(3.00)			3.00					
National School Lunch Program	10.555	47,381.60	7/1/10-6/30/11				43,258.28	(47,361.60)			(4,123.32)	
National School Lunch Program	10.555	44,005.00	7/1/09-6/30/10	(3,734.00)			3,734.00					
Total Enterprise Fund				(3,737.00)			54,527.50	(54,965.82)			(4,181.32)	
Total Federal Financial Awards				\$ (484,994.00)	\$ 12,507.00	\$	\$ 534,566.50	\$ (296,862.44)	\$ (12,507.00)	\$	\$ (247,266.94)	\$

See accompanying notes to the Schedule of Federal and State Financial Assistance.

BOROUGH OF EDGEWATER SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Period	Balance, June 30, 2010 Accounts Receivable	Due To Grantor	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year Balance	Balance, June 30, 2011 Accounts Receivable	Deferred Revenue	Due To Grantor	Budgetary Receivable	MEMO Cumulative Expenditures
State Department of Education:														
General Funds:														
Special Education Aid	11-495-034-5120-080	\$ 251,649.00	7/1/10-6/30/11			\$ 248,182.00	\$ (251,649.00)			\$ (10,286.00)			\$ (2,467.00)	\$ 251,649.00
Non-Public School Transportation	11-495-034-5095-014	10,266.00	7/1/10-6/30/11	(10,018.00)		10,018.00	(10,266.00)							10,266.00
Non-Public School Transportation	10-995-034-5095-014	159,753.00	7/1/10-6/30/11				(159,753.00)							159,753.00
Extracurricular Aid	11-495-034-5120-044	175,230.00	7/1/10-6/30/11	(175,230.00)		175,230.00	(12,048.00)			(12,048.00)				12,048.00
Extraordinary Aid	10-495-034-5120-044	12,005.00	7/1/10-6/30/11			232,237.16	(232,237.16)							232,237.16
TPAF Wage Freeze Act	11-495	242,479.00	7/1/10-6/30/11	(11,672.00)		11,672.00	(665,910.16)			(182,024.00)			(2,467.00)	665,910.16
On-Behalf TPAF Social Security Contributions	11-495-034-5095-002			(196,520.00)		678,339.18								
On-Behalf TPAF Social Security Contributions	10-495-034-5095-002													
Total General Funds														
Special Revenue Funds:														
Preschool Education Aid	11-495-034-5120-086	137,232.00	7/1/10-6/30/11			135,004.00	(80,168.40)	194.00		45,928.60			(1,328.00)	90,169.40
Preschool Education Aid	10-495-034-5120-086	52,034.00	7/1/09-6/30/10	(7,811.00)		8,005.00	(184.00)							
NJ Nonpublic Aid														
Texbook Aid	11-100-034-5120-064	1,080.00	7/1/10-6/30/11			1,080.00	(1,080.00)							1,080.00
Compensatory Education	11-100-034-5120-067	2,010.00	7/1/10-6/30/11			2,010.00	(2,010.00)							2,010.00
English as a Second Language	11-100-034-5120-067	2,048.00	7/1/10-6/30/11			2,048.00	(2,048.00)							2,048.00
Handicapped Services:														
Examination and Classification	11-100-034-5120-066	1,116.00	7/1/10-6/30/11			1,116.00	(1,115.57)		(1,231.00)					1,115.57
Examination and Classification	10-100-034-5120-066	2,567.00	7/1/09-6/30/10	1,291.00		3,912.00	(3,850.68)		(5,977.00)					3,850.68
Corrective Speech	11-100-034-5120-066	3,912.00	7/1/10-6/30/11			5,977.00	(650.42)							850.42
Corrective Speech	10-100-034-5120-066	9,138.00	7/1/09-6/30/10			1,280.00								
Nursing Services	11-100-034-5120-070	1,280.00	7/1/10-6/30/11			155,356.00	(101,125.07)	(2,323.00)	(7,208.00)	45,928.60		481.33	(1,328.00)	101,125.07
Character Education Aid	06-100-034-5120-418	4,000.00	7/1/09-6/30/10	(5,498.00)		7,208.00								
Total Special Revenue Funds														
Debt Service Fund														
Debt Service Aid	11-495-034-5120-125	25,560.00	7/1/10-6/30/11			25,560.00	(25,560.00)							25,560.00
State Department of Agriculture														
Enterprise Fund														
National School Lunch Program (state share)	11-100-010-3350-023	2,794.09	7/1/10-6/30/11	(280.00)		2,540.45	(2,794.09)			(253.64)				2,794.09
National School Lunch Program (state share)	10-100-010-3350-023	3,268.00	7/1/09-6/30/10	(250.00)		2,820.45	(2,794.09)							2,794.09
Total Enterprise Funds														
School Development Authority														
Capital Projects Fund														
Educational Facilities Construction & Financing	1270-050-02-1169	2,122,395.00		(95,508.00)				95,508.00						
Total State Financial Awards														
				\$ (208,196.00)	\$ 7,208.00	\$ 862,075.61	\$ (795,396.32)	\$ 93,185.00	\$ (7,208.00)	\$ (182,277.64)	\$ 45,928.60	\$ 481.33	\$ (3,795.00)	\$ 795,396.32

BOROUGH OF EDGEWATER SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2011

1. GENERAL

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

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards are presented using the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of Federal OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and New Jersey's OMB Circular NJOMB 0404, *Single Audit Policy for Recipients of Federal Grants, State Grant, and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of basic financial statements.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the General, Special Revenue and Capital Projects Fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the General 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 and Special Revenue Funds are presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payments in the current budget year, which is mandated pursuant to P.L. 2003, C.97. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. Additionally, on the grant accounting budgetary basis, the Special Revenue Fund recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$35,718.00 for the general fund and \$6,677.00 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for general and special revenue funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Post Retirement Medical Benefits and Non-Contributory Insurance Contributions revenue of \$235,751.00. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

BOROUGH OF EDGEWATER SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2011
(Continued)

	Federal	State	Total
General Fund	\$ -	\$ 937,379.16	\$ 937,379.16
Special Revenue Fund	229,763.71	107,802.07	337,565.78
Debt Service Fund	-	25,560.00	25,560.00
Food Service Fund	<u>54,965.82</u>	<u>2,794.09</u>	<u>57,759.91</u>
Total Awards and Financial Assistance	<u>\$ 284,729.53</u>	<u>\$ 1,073,535.32</u>	<u>\$ 1,358,264.85</u>

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.

5. FEDERAL AND STATE LOANS OUTSTANDING

The Borough of Edgewater School District had no loans outstanding as of June 30, 2011.

6. OTHER

TPAF Social Security contributions represents the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2011. Revenue and expenditures reported under the Federal Food Distribution Program represent current year value received and current year distributions, respectively.

7. SCHOOL WIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in OMB Circular A-133; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal awards. The following funds by program are included in schoolwide programs in the district.

Program

Title I, Part A: *Improving Basic Programs Operated by Local Education Agencies*
 Title II Part A: *Teacher and Principal Training and Recruiting*
 Title II Part D: *Enhancing Education Through Technology*
 Title III: : *Language*
 Title III : *Immigrant*

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Section I - Summary of Auditor's Results

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

1) Material weakness(es) identified?

_____ Yes √ No

2) Were significant deficiencies identified that are not considered to be material weaknesses?

_____ Yes √ None Reported

Noncompliance material to basic financial statements noted?

_____ Yes √ No

Federal Awards Section

The District was not subject to the single audit provisions of Federal OMB Circular A-133 for the fiscal year ended June 30, 2011 as federal grant expenditures were less than the single audit threshold of \$500,000 identified in the Circular.

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Section I - Summary of Auditor's Results (Continued)

State Awards

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

_____ Yes √ No

Internal control over major programs:

1) Material weakness(es) identified

_____ Yes √ No

2) Significant deficiencies identified that are not considered to be material weaknesses?

_____ Yes √ None Reported

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04?

_____ Yes √ No

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

495-034-5095-002

TPAF Social Security

Section II - Financial Statement Findings

NONE

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

Section III - Summary of Auditor's Results

Section III:

a) Federal Award Findings and Questioned Costs:

The District was no subject to the Federal requirements as expenditures for Federal awards were less than the single audit threshold identified in Federal OMB Circular A-133.

b) State Award Findings and Questioned Costs:

NONE

BOROUGH OF EDGEWATER SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2011

Section IV:

a) Federal Award Findings and Questioned Costs:

NOT APPLICABLE

b) State Award Findings and Questioned Costs:

NONE