

Comprehensive Annual Financial Report

of the

Haworth Board of Education

Haworth, New Jersey

For the Fiscal Year Ended June 30, 2011

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INTRODUCTORY SECTION

HAWORTH SCHOOL DISTRICT



Paul Arilotta, Ed. D., Superintendent & Board Secretary
Deborah B. Jancek, Assistant Principal

December 6, 2011

Honorable President and
Members of the Board of Education
Haworth School District
205 Valley Road
Haworth, New Jersey 07641

Dear Board Members:

The comprehensive annual financial report of the Haworth School District (District) for the fiscal year ended June 30, 2011, is hereby submitted. Responsibility for both the accuracy of the date and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (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 financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1) **REPORTING ENTITY AND ITS SERVICES:** The Haworth School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. The Haworth Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational, services appropriate to grade levels K through

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HAWORTH BOARD OF EDUCATION



8. These include regular as well as special education for handicapped youngsters. The district completes the 2010-2011 fiscal year with an enrollment of 461 students, which is 26 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last seven years.

Average Daily Enrollment

Fiscal	Student Enrollment	Percent Change
2005 – 2006	545	+ 4.4%
2006 – 2007	528	– 3.1%
2007 – 2008	495	– 6.3%
2008 – 2009	506	+ 2.2%
2009 – 2010	487	- 3.7 %
2010 – 2011	461	-5.6%

2) **ECONOMIC CONDITION AND OUTLOOK**: The Borough of Haworth is a small community within the County of Bergen. Its economic condition and population is stable. No new housing developments are expected within the near future. Therefore, no substantial increase to the annual daily enrollment is expected in the short term.

3) **MAJOR INITIATIVES**: Students continued to score above the state and national averages on the NJ ASK tests. We have established and met our goals in technology and science, as well as in curriculum, community relations and staff development. We have a 0% drop out rate. One hundred percent of our children go on to secondary education.

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

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

HAWORTH BOARD OF EDUCATION



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

5) **BUDGETARY CONTROLS**: In addition to internal accounting controls, the District maintains budgetary controls. The objective of the budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund.

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

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

6) **ACCOUNTING SYSTEM AND REPORTS**: The District's accounting records reflect generally accepted accounting principles, promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", note 1.

HAWORTH BOARD OF EDUCATION



7) **FINANCIAL INFORMATION AT FISCAL YEAR-END**: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues and expenditures for the fiscal year ended June 30, 2011, and the amount and percentage of increases in relation to prior year revenues.

REVENUE	AMOUNT	PERCENT OF TOTAL	INCREASE/(DECREASE) FROM 2010	PERCENT INCREASE/(DECREASE)
Local Sources	8,048,267	91.05	463,627	5.76%
State Sources	637,504	7.21	(327,899)	(51.43)%
Federal Sources	153,344	1.74	3,817	2.48%
TOTAL	8,839,115	100.00		

The increase in Local Sources is attributed to an increase in the local tax levy of \$434,170, and an increase in Miscellaneous Revenue of \$29,457.

The increase in State Sources is attributed to a decrease in General Fund State Sources of \$327,899.

The increase in Federal/Other Sources is attributed to an increase in grant awards of \$3,817.

EXPENDITURES	AMOUNT	PERCENT OF TOTAL	INCREASE (DECREASE) FROM 2010	PERCENT INCREASE/(DECREASE)
Current Expense:				
Instruction	3,520,987	41.37%	164,481	4.90%
Support Services	4,176,047	49.06%	(141,482)	(3.28)%
Capital Outlay	12,315	.14%	12,315	100.00%
Special Revenue:				
Federal/State	178,344	2.10%	28,052	18.66%
Debt Service:				
Principal	436,680	5.13%	(23,013)	(5.01)%
Interest	186,973	2.20%	24,553	15.12%
TOTAL	8,511,346	100.00%	64,906	-

HAWORTH BOARD OF EDUCATION



8) **DEBT ADMINISTRATION:** On June 30, 2011, the District's outstanding debt included two loans and serial bonds as follows:

	OUTSTANDING LOAN AMOUNT	RATE
Small Project Loan	39,276	5.288%
Safe School Low Interest Loan	158,887	1.5%
2009 Serial Bonds	2,115,000	Various
2004 Serial Bonds	1,962,000	Various

9) **CASE MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "notes to the Financial Statements", Note 2. 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 limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

11) **OTHER INFORMATION:** Independent Audit -State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Samuel Klein and Company, CPAs, was selected by The Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the general statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

HAWORTH BOARD OF EDUCATION



12) **ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of The Haworth 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 administrative support staff of the school district.

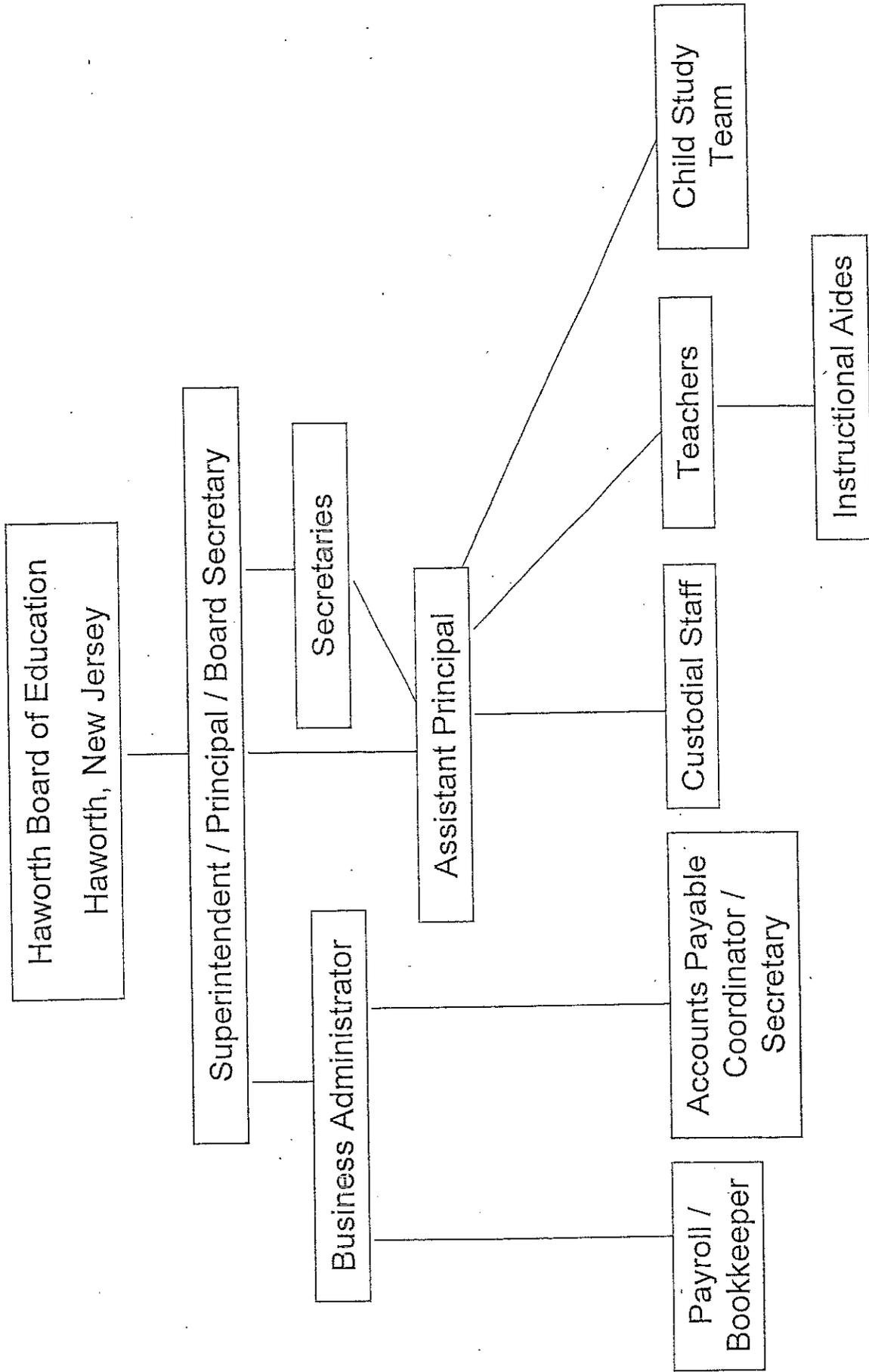
Respectfully submitted,

A handwritten signature in cursive script that reads "Paul Arilotta".

Paul Arilotta, Ed. D.
Superintendent/Principal/Board Secretary

PA/ke

ORGANIZATIONAL CHART



HAWORTH BOROUGH BOARD OF EDUCATION
HAWORTH, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2011

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Warren Sutnick, President	2014
Donna Weintraub, Vice President	2013
Jacqueline Guenego	2013
George Kipel	2012
Karen Leddy	2013
Anna Reduce	2014
Stacey Rosenfeld	2012
 <u>Other Officials</u>	
Paul Arilotta, Superintendent/Principal/Board Secretary	
Deborah B. Jancek, Assistant Principal	
Patricia DeRiso, Business Administrator	
Rebecca Overgaard, Treasurer	
Stephen Fogarty, Esq., Attorney	

**HAWORTH BOROUGH BOARD OF EDUCATION
HAWORTH, NEW JERSEY**

CONSULTANTS AND ADVISORS

Audit Firm

Samuel Klein and Company
Certified Public Accountants
550 Broad Street, 11th Floor
Newark, New Jersey 07102

Attorney

Fogarty & Hara, Esqs.
16-00 Route 208 South
Fair Lawn, New Jersey 07410

Official Depository

TD Bank
Old Hook Road
Westwood, New Jersey 07675

FINANCIAL SECTION

SAMUEL KLEIN AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members
of the Board of Education
Haworth Borough School District
County of Bergen
Haworth, New Jersey 07641

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Haworth Borough 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 School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Haworth Borough School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, 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, the business-type activities, each major fund, and aggregate remaining fund information of the Haworth Borough Board of Education, in the County of Bergen, State of New Jersey, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, 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 a report dated December 6, 2011 on our consideration of the Haworth Borough Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis on pages 15 through 21 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 Haworth Borough Board of Education's basic financial statements. The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules listed in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* 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.


JOSEPH J. FACCONI
Licensed Public School Accountant #194


SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey
December 6, 2011

REQUIRED SUPPLEMENTARY INFORMATION - PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

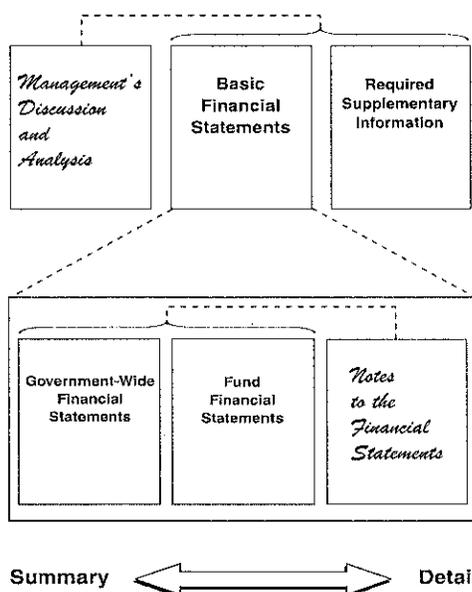
This section of the Haworth School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2011. Please read it in conjunction with the District's financial statements, which follow this section.

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:

Figure A-1, Required Components of the District's Annual Financial Report

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *The proprietary fund* statements reflect operations that are financed and operated in a manner similar to private business enterprises.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.



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

Government-Wide Statements

The government-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 government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-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.

- Overtime, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base, facility conditions, required educational programs and other factors.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities. The School District maintains one business-like activity, the After School Program.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds* - not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. The School District's major governmental funds are the General Fund, the Special Revenue Fund, and Debt Service Fund.

The District has the following kinds of funds:

- *Governmental Funds* - Most of the District's basic services are included in governmental funds, which 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 fund 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 government-wide statements, additional information is provided at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary Funds* accrued to report the cost of providing goods and services to students on a continual basis where the intent is to recover said costs through user charges.
- *Fiduciary Funds* - The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that - because of a trust arrangement - can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's Net Assets at June 30, 2011 and 2010.

**TABLE 1
NET ASSETS**

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>	<u>Change</u>
Current and Other Assets	\$ 973,654.96	\$ 565,653.36	\$ 408,001.60
Noncurrent Assets	<u>7,072,577.32</u>	<u>7,136,717.91</u>	<u>(64,140.59)</u>
Total Assets	<u>\$ 8,046,232.28</u>	<u>\$ 7,702,371.27</u>	<u>\$ 343,861.01</u>
 <u>LIABILITIES</u>			
Current Liabilities	\$ 189,334.53	\$ 84,452.15	\$ 104,882.38
Long-Term Liabilities	<u>4,373,818.51</u>	<u>4,811,358.14</u>	<u>(437,539.63)</u>
Total Liabilities	<u>\$ 4,563,153.04</u>	<u>\$ 4,895,810.29</u>	<u>\$ (332,657.25)</u>
 <u>NET ASSETS</u>			
Invested in Capital Assets, Net of Debt	\$ 2,780,152.81	\$ 2,405,191.33	\$ 374,961.48
Restricted for Other Purposes	555,824.25	262,319.38	293,504.87
Unrestricted	<u>147,102.18</u>	<u>139,050.27</u>	<u>8,051.91</u>
TOTAL NET ASSETS	<u>\$ 3,483,079.24</u>	<u>\$ 2,806,560.98</u>	<u>\$ 676,518.26</u>

The amount of Net Assets reported as "Restricted for Other purposes" is outlined below:

	<u>2011</u>	<u>2010</u>	<u>Change</u>
Reserve for Encumbrances	\$ 48,009.95	\$ 59,827.75	\$ (11,817.80)
Capital Reserve	<u>507,814.30</u>	<u>202,491.63</u>	<u>305,322.67</u>
Restricted Net Assets	<u>\$ 555,824.25</u>	<u>\$ 262,319.38</u>	<u>\$ 293,504.87</u>

The amount of Unrestricted Net Assets is outlined below:

	<u>2011</u>	<u>2010</u>	<u>Change</u>
Governmental Activities	\$ 139,055.66	\$ 100,378.25	\$ 38,677.41
Business-Type Activities	<u>8,046.52</u>	<u>38,672.02</u>	<u>(30,625.50)</u>
Unrestricted Net Assets	<u>\$ 147,102.18</u>	<u>\$ 139,050.27</u>	<u>\$ 8,051.91</u>

Compensated Absences due to retirements have always been paid through the general fund budget appropriation and will continue to be funded in this manner. The School District has never failed to meet its contractual obligation for Compensated Absence.

Table 2 shows the changes in Net Assets for fiscal year 2011 and 2010.

TABLE 2
Changes in Net Assets

<u>Functions/Programs</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiscal Year 2010 Total</u>	<u>Fiscal Year 2009 Total</u>
Governmental Activities:				
Instruction:				
Regular	\$ 3,367,478.88	\$	\$ 3,367,478.88	\$ 3,324,374.40
Special Education	498,446.13		498,446.13	479,745.81
Other Special Instruction	121,586.45		121,586.45	116,086.22
Other Instruction	33,661.02		33,661.02	33,463.29
Special Schools	19,527.00		19,527.00	23,699.46
Support Services:				
Tuition	246,635.96		246,635.96	254,459.69
Student and Instruction Related Services	1,027,314.68		1,027,314.68	1,024,326.46
School Administrative Services	229,361.80		229,361.80	327,603.19
General Administrative Services	307,075.89		307,075.89	367,698.06
Plant Operations and Maintenance	964,573.39		964,573.39	824,886.34
Pupil Transportation	101,181.52		101,181.52	132,515.12
Business and Other Support Services	253,142.69		253,142.69	252,959.60
Debt Service:				
Interest and Other Charges	195,734.96		195,734.96	197,959.18
Unallocated Depreciation	61,718.15		61,718.15	111,525.00
Total Governmental Activities	<u>7,427,438.52</u>		<u>7,427,438.52</u>	<u>7,471,301.81</u>
Business-Type Activities:				
Enterprise Fund		72,183.66	72,183.66	94,721.05
Total Primary Government	<u>7,427,438.52</u>	<u>72,183.66</u>	<u>7,499,622.18</u>	<u>7,566,022.86</u>
General Revenues				
General Purpose Property Taxes	7,448,601.00		7,448,601.00	7,030,298.00
Taxes Levied for Debt Service	559,968.00		559,968.00	544,101.00
Restricted Federal and State Aid	111,315.00		111,315.00	453,576.00
Miscellaneous Income	14,698.28	41,558.16	56,256.44	119,849.51
Total General Revenue	<u>8,134,582.28</u>	<u>41,558.16</u>	<u>8,176,140.44</u>	<u>8,147,824.51</u>
Change in Net Assets	<u>\$ 707,143.76</u>	<u>\$ (30,625.50)</u>	<u>\$ 676,518.26</u>	<u>\$ 581,801.65</u>

The majority of all revenue for the Haworth School District is collected through property taxes. Property taxes made up a total of 91.6% of revenues for governmental activities for the District. Annually, the school district must seek voter approval of the tax levy to support the District's operations. Formula State Aid made up only 1.36% of revenues for governmental activities.

The largest share of the program expenses for the District is for the cost of direct services to the District's students. These services cover (see Table 2) Instruction, Special Education, Other Special Instruction, Other Instruction, Special Schools Student and Instruction-Related Services and make up a total of \$5,068,014.16 or 68.80% of the total expenses for fiscal year 2011.

The next display, Table 3, shows the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

TABLE 3

	<u>Net Cost of Services 2011</u>	<u>Net Cost of Services 2010</u>
Instruction	\$ 4,040,699.48	\$ 3,977,369.18
Support Services:		
Tuition	246,635.96	254,459.69
Student and Instruction Related Services	1,027,314.68	1,024,326.46
Board of Education, Administrative, Fiscal and Business	789,580.38	948,260.85
Operation and Maintenance of Plant	964,573.39	824,886.34
Pupil Transportation	101,181.52	132,315.12
Interest on Long-Term Debt	<u>195,734.96</u>	<u>197,959.18</u>
 Total Expenses	 <u><u>\$ 7,365,720.37</u></u>	 <u><u>\$ 7,359,576.81</u></u>

A description of each service provided by the School District is detailed as follows:

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

Tuition expenditures are for Education Services for pupils residing in the School District and include placements in private, county, and state facilities.

Student and Instructional Related Services expenditures include the activities involved with assisting staff with the content and process of teaching to pupils. Also, included are Attendance and Social Work Services, Health Services and Guidance, Child Study and Educational Media Services.

Board of Education, Administration, Fiscal and Business Expenditures are associated with administration and financial supervision of the District.

Operation and Maintenance of Plant expenditures involve keeping the school grounds, buildings and equipment in an effective working condition.

Pupil transportation is the expenditure for conveying students between home and school and from school to other school activities as provided by state and federal law.

Interest on long-term debt expenditures are for interest on outstanding bonds.

Business-Type Activities

The School District operates a business-type activity for the After School and Enrichment Programs. The programs are self-supporting and did not require board contributions to support operations during fiscal year 2011.

For the current school year, the After School Program had a decrease in net assets of \$30,625.50. Ending Net Assets for the After School Program was \$8,046.52. The Enrichment Program was administrated by the Haworth Home and School Association.

Financial Analysis of the District's Funds

The District's governmental funds are accounted for using the modified accrued basis of accounting. Revenues from Governmental Fund types totaled \$8,839,115.09. The largest part of revenue comes from the local tax levy, which makes up 91% of the total revenues. The increasing reliance on local tax levy is caused by the lack of increasing State funding.

General Fund Budgeting Highlights

The District's budget is prepared according to the State of New Jersey budget laws and is based on receipts, disbursements and an encumbrance system. The most significant budgeted funds are the General Fund, Special Revenue Fund and Debt Service Fund.

During the fiscal year 2011, the District amended its budget several times by Board approved transfers. The State of New Jersey budget guidelines provide flexibility for school districts to amend budget line items upon the Board of Education's approval when the district's priorities are modified during the year.

The General Fund final budget revenue was \$8,035,669.09 representing a \$131,441.95 (1.6%) increase from fiscal year 2010. The net increase was primarily due to increased local tax levy and a decrease in state aid. Fiscal year 2011 General Fund budget expenditures were \$7,709,349.22, representing an increase of \$35,314.65 (04%) from the previous year. Instruction accounted for most of the budget's increase.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the Haworth School District had \$9,199,246.47 in building and improvements, \$1,324,500.00 in land, \$255,413.63 in equipment.

Table 4 below shows the Net Capital Assets after total accumulated depreciation:

TABLE 4

Land	\$ 1,324,500.00
Construction in Progress	5,316.00
Building and Improvements	9,199,246.47
Equipment	255,413.63
Totals at Historical Cost	<u>10,784,476.10</u>
Total Accumulated Depreciation	<u>3,729,159.78</u>
Net Capital Assets	<u>\$ 7,055,316.32</u>

Debt Administration

At June 30, 2011, the District had \$4,077,000.00 in bonds outstanding, \$380,000.00 due within one year. More detailed information about the District's debt is presented in the notes to the financial statements.

TABLE 5

Loans Payable	\$ 198,163.51
Bonds Payable	<u>4,077,000.00</u>
Total	<u>\$4,275,163.51</u>

Economic Factors and Next Year's Budget

The largest factor that will affect the School District budget in the next fiscal year is the amount of State Aid the District will receive from the State of New Jersey. The District's reliance on local tax levy will continue to dominate the revenue picture unless the State begins to fund their legal fair share of education expenses. The projection for State Aid is still flat based upon the current economic trends.

On the expenditure side, the cost of educating Special Education students is still rising and this trend appears to be continuing. The cost of contractual obligations for employee health care is still an uncontrolled expense.

If estimates are realized, the District's budgeting fund balance is not expected to change appreciably by the close of 2011.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funding it receives. If you have any questions about this report or need additional financial information, you can contact the Board Secretary/Business Administrator's office at Haworth School District, 205 Valley Road, Haworth, New Jersey 07641.

BASIC FINANCIAL STATEMENTS

A. DISTRICT-WIDE FINANCIAL STATEMENTS

HAWORTH BOROUGH SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

A-1

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 356,221.12	\$ 34,799.13	\$ 391,020.25
Receivables, Net	69,435.68	5,384.73	74,820.41
Restricted:			
Capital Reserve Account	507,814.30		507,814.30
Deferred Bond Issue Costs, Net	17,261.00		17,261.00
Capital Assets, Net (Note 7)	<u>7,055,316.32</u>		<u>7,055,316.32</u>
Total Assets	<u>\$8,006,048.42</u>	<u>\$ 40,183.86</u>	<u>\$8,046,232.28</u>
<u>LIABILITIES</u>			
Payables, Net	\$ 39,026.66	\$ 31,723.34	\$ 70,750.00
Overpayments		414.00	414.00
Deferred Revenue	33,255.45	-	33,255.45
Interfund Payable	3,574.73	-	3,574.73
Accrued Interest on Long-Term Debt	66,868.35	-	66,868.35
Payable to Federal Government	3,953.00		3,953.00
Payable to Local Government	10,519.00		10,519.00
Noncurrent Liabilities (Note 8):			
Due Within One Year	443,768.47		443,768.47
Due Beyond One Year	3,930,050.04		3,930,050.04
Total Liabilities	<u>4,531,015.70</u>	<u>32,137.34</u>	<u>4,563,153.04</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	2,780,152.81		2,780,152.81
Restricted for:			
Other Purposes	555,824.25		555,824.25
Unrestricted	<u>139,055.66</u>	<u>8,046.52</u>	<u>147,102.18</u>
Total Net Assets	<u>\$3,475,032.72</u>	<u>\$ 8,046.52</u>	<u>\$3,483,079.24</u>

See accompanying notes to financial statements.

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

A-2

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Assets		
			Governmental Activities	Business-Type Activities	Total
Governmental Activities:					
Instruction:					
Regular	\$ 3,814,522.48	\$ 447,043.60	\$ (3,367,478.88)	\$	\$ (3,367,478.88)
Special Education Instruction	556,637.09	58,190.96	(498,446.13)		(498,446.13)
Other Special Instruction	135,726.66	14,140.21	(121,586.45)		(121,586.45)
Other Instruction	36,401.42	2,740.40	(33,661.02)		(33,661.02)
Special Schools	21,806.67	2,279.67	(19,527.00)		
Support Services:					
Tuition	246,635.96		(246,635.96)		(246,635.96)
Student and Instruction Related Services	1,177,880.71	150,566.03	(1,027,314.68)		(1,027,314.68)
School Administrative Services	229,361.80	-	(229,361.80)		(229,361.80)
General Administrative Services	328,273.63	21,197.74	(307,075.89)		(307,075.89)
Plant Operations and Maintenance	964,573.39	-	(964,573.39)		(964,573.39)
Pupil Transportation	101,181.52	-	(101,181.52)		(101,181.52)
Business and Other Support Services	261,516.89	8,374.20	(253,142.69)		(253,142.69)
Interest and Other Charges	195,734.96	-	(195,734.96)		(195,734.96)
Unallocated Depreciation	61,718.15		(61,718.15)		(61,718.15)
Total Governmental Activities	8,131,971.33	704,532.81	(7,427,438.52)		(7,427,438.52)
Business-Type Activities:					
Enterprise Fund				(72,183.66)	(72,183.66)
Total Primary Government	8,131,971.33	704,532.81	(7,427,438.52)	\$ (72,183.66)	(7,499,622.18)
General Revenues					
General Purpose Property Taxes		\$ 7,448,601.00	\$	\$	\$ 7,448,601.00
Taxes Levied for Debt Service		559,968.00			559,968.00
Restricted Federal and State Aid		111,315.00			111,315.00
Miscellaneous Income		14,698.28		41,558.16	56,256.44
Total General Revenue		8,134,582.28		41,558.16	8,176,140.44
Change in Net Assets		707,143.76		(30,625.50)	676,518.26
Net Assets - Beginning		2,767,888.96		38,672.02	2,806,560.98
Net Assets - Ending		3,475,032.72		8,046.52	3,483,079.24

B. FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

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

B-2

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources:				
Local Tax Levy	\$ 7,448,601.00		\$ 559,968.00	\$ 8,008,569.00
Miscellaneous	14,698.28			14,698.28
Total - Local Sources	<u>7,463,299.28</u>		<u>559,968.00</u>	<u>8,023,267.28</u>
Local Sources		25,000.00		25,000.00
State Sources	572,369.81		65,134.00	637,503.81
Federal Sources	-	153,344.00		153,344.00
Total Revenues	<u>8,035,669.09</u>	<u>178,344.00</u>	<u>625,102.00</u>	<u>8,839,115.09</u>
EXPENDITURES				
Current:				
Regular Instruction	2,841,571.62			2,952,904.62
Special Education Instruction	420,602.60	111,333.00		420,602.60
Other Special Instruction	102,598.00			102,598.00
Other Instruction	28,404.10			28,404.10
Special Schools	16,477.42			16,477.42
Support Services:				
Tuition	246,635.96			246,635.96
Student and Instruction Related Services	866,876.48			933,887.48
General Administrative Services	274,012.28	67,011.00		274,012.28
School Administrative Services	178,648.65			178,648.65
Plant Operations and Maintenance	813,933.65			813,933.65
Pupil Transportation	85,379.76			85,379.76
Business and Other Support Services	213,608.79			213,608.79
Unallocated Benefits	1,608,284.91			1,608,284.91
Debt Service:				
Principal			436,679.63	436,679.63
Interest and Other Charges			186,972.69	186,972.69
Capital Outlay				
Total Expenditures	<u>7,709,349.22</u>	<u>178,344.00</u>	<u>623,652.32</u>	<u>8,511,345.54</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>326,319.87</u>		<u>1,449.68</u>	<u>327,769.55</u>
Net Change in Fund Balance	326,319.87		1,449.68	327,769.55
Fund Balances, July 1	479,504.38		35,868.33	515,372.71
Fund Balances, June 30	<u>\$ 805,824.25</u>	<u>\$ -</u>	<u>\$ 37,318.01</u>	<u>\$ 843,142.26</u>

HAWORTH BOROUGH SCHOOL DISTRICT
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE IN 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	B-2	\$ 327,769.55
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense		\$ (74,033.15)
Capital Outlay		<u>12,315.00</u>
		(61,718.15)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p>		
		436,679.63
<p>Bond issuance costs are reported in the governmental funds as expenditures in the year the bonds are issued. However, on the statement of activities, the costs are amortized over the life of the bonds - Amortization.</p>		
		(2,422.44)
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest is decreased, the difference is an increase in the reconciliation.</p>		
		5,975.17
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		<u>860.00</u>
Change in Net Assets of Governmental Activities	A-2	<u>\$ 707,143.76</u>

PROPRIETARY FUNDS

HAWORTH BOROUGH SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2011

B-4

	<u>Business- Type Activities Enterprise Funds</u>	<u>Total Enterprise Funds</u>
	<u>After School Latchkey Program</u>	
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 34,799.13	\$ 34,799.13
Interfunds Receivable	3,574.73	3,574.73
Accounts Receivable:		
Other	<u>1,810.00</u>	<u>1,810.00</u>
Total Assets	<u>\$ 40,183.86</u>	<u>\$ 40,183.86</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Overpayments	\$ 414.00	\$ 414.00
Accounts Payable	<u>31,723.34</u>	<u>31,723.34</u>
Total Current Liabilities	<u>\$ 32,137.34</u>	<u>\$ 32,137.34</u>
<u>NET ASSETS</u>		
Unrestricted	<u>\$ 8,046.52</u>	<u>\$ 8,046.52</u>

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

B-5

	Business-Type Activities Enterprise Fund		Total Enterprise Funds
	After School Latchkey Program	Enrichment Program	
Operating Revenues:			
Charges for Services:			
Tuition	\$ 38,265.00	\$ 3,035.00	\$ 41,300.00
Operating Expenses:			
Salaries	23,005.61	3,035.00	26,040.61
Other Expenses	45,846.71	296.34	46,143.05
Total Operating Expenses	68,852.32	3,331.34	72,183.66
Operating Loss	(30,587.32)	(296.34)	(30,883.66)
Nonoperating Revenues (Expenses):			
Interest	381.54	-	381.54
Loss before Contributions and Transfers	(30,205.78)	(296.34)	(30,502.12)
Transfer Out		(123.38)	(123.38)
Change in Net Assets	(30,205.78)	(419.72)	(30,625.50)
Total Net Assets - Beginning	38,252.30	419.72	38,672.02
Total Net Assets - Ending	\$ 8,046.52	\$ -	\$ 8,046.52

HAWORTH BOROUGH SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

B-6

	Business-Type Activities - Enterprise Fund		Total Enterprise Funds
	After School Latchkey Program	Enrichment Program	
<u>Cash Flows from Operating Activities</u>			
Receipts from Customers	\$ 40,560.00	\$ 3,035.00	\$ 43,595.00
Payments to Employees	(19,325.32)	(3,035.00)	(22,360.32)
Payments for Other Operating Expenses	(19,554.14)	(5,894.73)	(25,448.87)
Net Cash Provided by Operating Activities	1,680.54	(5,894.73)	(4,214.19)
 <u>Cash Flows from Noncapital and Related Financing Activities</u>			
Intergovernmental Accounts Receivable	-	64.66	64.66
Intergovernmental Accounts Payable	(3,334.79)	-	(3,334.79)
Transfer Out	-	(123.38)	(123.38)
Net Cash Used for Noncapital and Related Financing Activities	(3,334.79)	(58.72)	(3,393.51)
 <u>Cash Flows from Investing Activities</u>			
Interest	381.54	-	381.54
Net Cash Provided by Investing Activities	381.54	-	381.54
 Balance - Beginning of Year	36,071.84	5,953.45	42,025.29
 Balance - End of Year	\$ 34,799.13	\$ -	\$ 34,799.13
 <u>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities</u>			
Operating Income (Loss)	\$(30,587.32)	\$ (296.34)	\$ (30,883.66)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities:			
Change in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	1,881.00	-	1,881.00
Increase/(Decrease) in Accounts Payable	29,972.86	(5,598.39)	24,374.47
Increase/(Decrease) in Overpayments	414.00	-	414.00
Total Adjustments	32,267.86	(5,598.39)	26,669.47
 Net Cash Used in Operating Activities	\$ 1,680.54	\$ (5,894.73)	\$ (4,214.19)

FIDUCIARY FUNDS

HAWORTH BOROUGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

B-7

Agency
Fund

ASSETS

Cash and Cash Equivalents	<u>\$68,065.17</u>
Total Assets	<u><u>\$68,065.17</u></u>

LIABILITIES

Interfunds Payable	\$ 143.68
Payroll Deductions and Withholdings	30,082.51
Payable to Student Groups	<u>37,838.98</u>
Total Liabilities	<u><u>\$68,065.17</u></u>

NOTES TO THE FINANCIAL STATEMENTS

HAWORTH BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2011

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Haworth Borough School District (the "District") is a Type II District located in the County of Bergen, State of New Jersey. As a Type II District, the District functions independently through a Board of Education (the "Board"). The Board is comprised of seven members elected to three-year terms. The purpose of the District is to educate students in grades K-8. The Haworth Borough School District had an approximate enrollment at June 30, 2011 of 478 students.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Haworth Borough School District, this includes general operations, latchkey, and student related activities of the School District.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Haworth Borough School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the School District's accounting policies are described below.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

1. Government-Wide Financial Statements (Continued)

The statement of net assets presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

2. Fund Financial Statements

During the 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.

Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

1. Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

1. Governmental Funds (Continued)

General Fund (Continued)

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

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.

Permanent Fund - The Permanent Fund is used to account for assets held under the terms of a formal trust agreement, whereby the School District is under obligation to maintain the trust principal. Resources are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting entity's programs - that is, for the benefit of the school district. The District presently has no resources that are considered permanent funds.

2. Proprietary Fund Type

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

Enterprise Fund - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the After School Latchkey Program and the Enrichment Program.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

2. Proprietary Fund Type (Continued)

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

3. Fiduciary Funds

Fiduciary Fund reporting focuses on net assets and changes in net assets. They are used to account for assets held in a trustee or agency capacity for others and therefore cannot be used to support the District's own programs. There are four fiduciary fund types - pension (and other employee benefit) trust funds, investment trust funds, private-purpose trusts and agency funds. The overarching rule for these funds is that they should never be used to report resources that can be used for programs of the reporting district.

Agency Funds - Agency Funds are used to account for the assets that the District holds on behalf of others as their agent. These funds are custodian in nature and do not involve measurement of results of operations. Agency Funds include payroll and student activities funds.

4. Long-Term Debt

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt, not in the governmental funds. This includes serial bonds outstanding that are expected to be financed from governmental funds, the outstanding principal balance on capital leases, the outstanding principal on outstanding loans, compensated absences, claims and judgments, early retirement incentive programs and rebatable arbitrage.

C. Measurement Focus

1. Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the School District are included on the Statement of Net Assets.

2. Fund Financial Statements

All Governmental Funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus (Continued)

2. Fund Financial Statements (Continued)

All Proprietary Funds are accounted for on a flow of economic resources measurement focus. With this measurement, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net total assets.

Fiduciary Funds are reported using the economic resources measurement focus.

D. Basis of Accounting

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

Ad Valorem (Property) Taxes are susceptible to accrual and under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

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

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

E. 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 for approval 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, except for the special revenue fund as described later. 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, subject to the limitation of P.L. 2004, c. 73 (S1701).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets/Budgetary Control (Continued)

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 accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets/Budgetary Control (Continued)

The following presents a reconciliation of the General Fund Revenue and Special Revenue Fund revenue from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 8,002,854.09	\$ 178,344.00
Difference - Budget-to-GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	None	None
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	32,815.00	None
State aid payment recognized for budgetary purposes, not recognized for GAAP statements		<u>None</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 8,035,669.09</u>	<u>\$ 178,344.00</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 7,709,349.22	\$ 178,344.00
Difference - Budget-to-GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	<u>None</u>	<u>None</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds, including transfers	<u>\$ 7,709,349.22</u>	<u>\$ 178,344.00</u>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Encumbrances

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

Open encumbrances in the Special Revenue Fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

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

G. Cash, Cash Equivalents and Investments

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

New Jersey school districts are limited to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

H. Tuition Receivable

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

I. Tuition Payable

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

J. Inventories and Prepaid Expenses

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. 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.

L. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Lives</u>
School Buildings	50 Years
Building Improvements	20 Years
Electrical/Plumbing	30 Years
Vehicles	8 Years
Office and Computer Equipment	5-10 Years
Instructional Equipment	10 Years
Grounds Equipment	15 Years

M. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire sick leave and vacation leave liabilities are reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the governmental funds. However, the noncurrent portion of capital leases, compensated absences and loans payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

O. 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 balances of any borrowings 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.

P. Deferred Revenue

Deferred revenue in the Special Revenue Fund represents cash that has been received but not yet earned.

Q. Fund Equity

Contributed capital represents the amount of fund capital contributed to the Proprietary Funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

R. Fund Balance Reserves

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

S. Proprietary Funds Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the School District Enterprise Fund (the After School Latchkey Program) are charges to customers for after school care. The principal operating revenues of the School District Enterprise Fund (the Enrichment Program) are charges to customers for after school enrichment programs. Operating expenses for Enterprise Funds include the cost of payroll expense, program costs, and supplies. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Rebatable Arbitrage

Rebatable arbitrage results from investing the proceeds of borrowed funds either directly or indirectly into investments that are higher in yield than the bond yield incurred on the borrowed funds. In accordance with GASB 34, rebatable arbitrage is treated like a claim or judgment. All interest income is reported as revenue of the Capital Projects Fund. The liability, if any, is recorded in the "Statement of Net Assets".

U. Allocation of Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Employee benefits, including the employer's share of social security, workers compensation and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the direct expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is reported separately on the Statement of Activities. No expenses were allocated as "Indirect Expenses".

V. Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments. The School District is in compliance with GASB Statement No. 3, as amended by GASB Statement No. 40.

Deposits

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

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

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

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

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

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Deposits (Continued)

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

	Cash and Cash <u>Equivalents</u>
Checking Accounts	<u>\$ 966,899.72</u>
 <u>Allocation of Cash and Cash Equivalents</u>	
Unrestricted	\$ 356,221.12
Restricted	<u>610,678.60</u>
	<u>\$ 966,899.72</u>

Investments

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

- . Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- . Government money market mutual funds.
- . Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- . Bonds or other obligations of the school district or local unit of which the school district is a part.
- . Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments, New Jersey State Department of Treasury
- . Local government investment pools.
- . New Jersey State Cash Management Fund.
- . Repurchase agreements of fully collateralized securities, subject to special conditions.

There were no outstanding investments as of June 30, 2011.

4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Haworth Borough Board of Education by inclusion of \$29,107.00 on March 8, 2005 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The total capital reserve account as of June 30, 2011 was \$507,814.30. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

4. CAPITAL RESERVE ACCOUNT (Continued)

Capital Reserve Account Established on June 30, 2006		\$ 25,289.02
Interest Earnings:		
For the Year Ended June 30, 2011		100.00
Capital Reserve Account Supplemental Appropriation:		
Prior to June 30, 2010	\$ 177,202.61	
For the Year Ended June 30, 2011	<u>305,222.67</u>	
		<u>482,425.28</u>
Balance as of June 30, 2011		<u>\$ 507,814.30</u>

The Capital Reserve Account is maintained in the General Fund and its activity is included in the General Fund Annual Budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board Resolution at year end, if any, Unanticipated Revenue or Unexpended Line Item Appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A District may also appropriate additional amounts when the excess approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:26-9.1(d) 1, of the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

5. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE

Intergovernmental Accounts Receivable at June 30, 2011 consisted of State sources and a capital project grant. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables is as follows:

General Fund:	
Extraordinary Aid	<u>\$ 7,592.00</u>

6. DEFERRED BOND ISSUANCE COSTS

In governmental funds, debt issuance costs are recognized in the current period. For the District-Wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds. The costs associated with the issues of the various bonds amounted to \$33,914.97 and accumulated amortization through June 30, 2011 is \$16,653.97. The amortization expense for the fiscal year ended June 30, 2011 amounted to \$2,422.44.

7. CAPITAL ASSETS

The following schedule is a summarization of the changes in capital assets by source for the fiscal year ended June 30, 2011:

<u>Governmental Activities</u>	Beginning Balance July 1, 2010	Additions	Retirements	Balance as of June 30, 2011
<u>Nondepreciable</u>				
Land	\$ 1,324,500.00	\$	\$	\$ 1,324,500.00
Construction-in-Progress	-	5,316.00		5,316.00
<u>Depreciable</u>				
Buildings and Improvements	9,199,246.47			9,199,246.47
Machinery and Equipment	1,007,854.98	6,999.00	759,440.35	255,413.63
	<u>11,531,601.45</u>	<u>12,315.00</u>	<u>759,440.35</u>	<u>10,784,476.10</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	(3,427,108.19)	(71,000.00)		(3,498,108.19)
Machinery and Equipment	(987,458.79)	(3,033.15)	(759,440.35)	(231,051.59)
Total Accumulated Depreciation	<u>(4,414,566.98)</u>	<u>(74,033.15)</u>	<u>(759,440.35)</u>	<u>(3,729,159.78)</u>
Governmental Activities Net Capital Assets	<u>\$ 7,117,034.47</u>	<u>\$ (61,718.15)</u>	<u>\$ -</u>	<u>\$ 7,055,316.32</u>

8. LONG-TERM DEBT

During the fiscal year ended June 30, 2011, the following changes occurred in liabilities:

	Balance June 30, 2010	Increase	Decrease	Balance June 30, 2011	Amounts Due Within One Year	Long-Term Portion
Loans Payable	\$ 259,843.14	\$	\$ 61,679.63	\$ 198,163.51	\$ 63,768.47	\$ 134,395.04
Bonds Payable	4,452,000.00		375,000.00	4,077,000.00	380,000.00	3,697,000.00
Compensated Absences	99,515.00	-	860.00	98,655.00		98,655.00
	<u>\$ 4,811,358.14</u>	<u>\$ -</u>	<u>\$ 437,539.63</u>	<u>\$ 4,373,818.51</u>	<u>\$ 443,768.47</u>	<u>\$ 3,930,050.04</u>

A. Bonds Payable

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

8. LONG-TERM DEBT (Continued)

A. Bonds Payable (Continued)

General Serial Bonds:

\$2,682,000 General Obligation Bonds, Series 2004 - Annual maturities of \$140,000 to \$250,000 through August 15, 2019 at interest rates ranging from 3.75% to 4.00%. The bonds are not subject to redemption prior to maturity. \$ 1,962,000.00

\$2,560,000 Refunding General Obligation Bonds, Series 2009 - Annual maturities of \$200,000 to \$275,000 through February 15, 2019 at interest rates ranging from 4.00% to 5.00%. The bonds are not subject to redemption prior to maturity. 2,115,000.00

\$ 4,077,000.00

School District Bonds, Series 2004

On August 15, 2004 the District sold General Obligation Bonds totaling \$2,682,000.00. The Bonds bear interest from 3.75% to 4.00% per annum payable on February 15, 2005 and semiannually thereafter on August 15 and February 15 in each year until maturity. While the Depository Trust Company ("DTC") is acting as securities depository for the Bonds, principal of and interest on the Bonds will be payable to DTC or its nominee, which is obligated to remit such principal and interest to DTC Participants. DTC Participants and Indirect Participants will be responsible for remitting such payments to the beneficial owners of the Bonds.

The Bonds are not subject to redemption prior to maturity.

School District Bonds, Series 2009 Refunding Issue

On June 30, 2009, Bergen County Improvement Authority sold General Obligation Bonds On-Behalf of the District totaling \$2,560,000.00. The Bonds bear interest from 2.00% to 5.00% per annum payable on February 15, 2010 and semiannually thereafter on August 15 and February 15 in each year until maturity. While the Depository Trust Company ("DTC") is acting as securities depository for the Bonds, principal of and interest on the Bonds will be payable to DTC or its nominee, which is obligated to remit such principal and interest to DTC Participants. DTC Participants and Indirect Participants will be responsible for remitting such payments to the beneficial owners of the Bonds.

The Bonds are general obligations of the Board and are secured by a pledge of the full faith and credit of the Board for the payment of the principal thereof and the interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes to be levied on all taxable real property in the school district, without limitation as to rate or amount. The Bonds are additionally secured by the provisions of the New Jersey School Bond Reserve Act.

The District, in conjunction with the issuance of the Bonds, has agreed to undertake and provide certain information to Bondholders on a continuing basis. The Securities and Exchange Commission ("SEC") Rule 15c2-12(b)(5) "Continuing Disclosure" requirements, which the District has adopted, requires that various financial information about the District and the Municipality be provided annually to various information repositories. This requirement is effective for the fiscal years ended June 30, 2005 and thereafter.

8. LONG-TERM DEBT (Continued)

A. Bonds Payable (Continued)

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

Fiscal Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 380,000.00	\$ 163,942.50	\$ 543,942.50
2013	415,000.00	149,942.50	564,942.50
2014	430,000.00	133,411.25	563,411.25
2015	515,000.00	115,005.00	630,005.00
2016	525,000.00	94,755.00	619,755.00
2017	520,000.00	74,130.00	594,130.00
2018	520,000.00	50,755.00	570,755.00
2019	525,000.00	27,255.00	552,255.00
2020	247,000.00	4,940.00	251,940.00
	<u>\$ 4,077,000.00</u>	<u>\$ 814,136.25</u>	<u>\$ 4,891,136.25</u>

B. Bonds Authorized but Not Issued

As of June 30, 2011, the Board had no authorized but not issued bonds.

C. Loan Agreements

The Borough of Haworth School District has entered into two loan agreements with the State of New Jersey for the various projects of the Borough of Haworth School District. Both loans are repayable over 20 years from the date of the final consummation of the loans. The funds have been provided through the N.J. Public Schools Facilities Loan Assistance Program. The first loan of \$248,750.00 is at an interest rate of 1.50% and is titled Safe Program Low Interest Loan. The second loan of \$746,250.00 is at 5.288% and is titled Small Project Loan. Both loans are numbered 214-93 and drawdowns were received in 1993.

Principal and interest due on loans outstanding is as follows:

Fiscal Year Ending June 30,	<u>Safe Program Loan</u>		<u>Small Project Loan</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2012	\$ 13,092.11	\$ 490.95	\$ 50,676.36	\$ 7,062.07	\$ 71,321.49
2013	13,092.11	294.57	52,924.90	4,322.85	70,634.43
2014	13,092.07	98.19	55,285.96	1,461.76	69,937.98
	<u>\$ 39,276.29</u>	<u>\$ 883.71</u>	<u>\$ 158,887.22</u>	<u>\$ 12,846.68</u>	<u>\$ 211,893.90</u>

D. Bond Anticipation Notes

There were no Bond Anticipation Notes at June 30, 2011.

E. Capital Leases Payable

There were no capital leases payable at June 30, 2011.

9. PENSION PLANS

Description of Plans

All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both systems will be assumed by the State of New Jersey should the systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625.

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund 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 District and the system's other related noncontributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the system.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

9. PENSION PLANS (Continued)

Significant Legislation

During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

Contribution Requirements

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a noncontributing employer of the TPAF.

**Three-Year Trend
Information for PERS**

<u>Year Funding</u>	<u>Annual Pension Cost (APC)*</u>	<u>Percentage of APC Contributed</u>
June 30, 2011	\$ 76,503.00	0%
June 30, 2010	71,181.00	100%
June 30, 2009	60,673.00	100%

*Offset either totally or partially by pension credits.

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

<u>Year Funding</u>	<u>Annual Pension Cost (APC)*</u>	<u>Percentage of APC Contributed</u>	<u>Retirement Medical Benefits</u>
June 30, 2011	\$11,437.00	100%	\$ 242,915.00
June 30, 2010	12,041.00	100%	226,147.00
June 30, 2009	10,658.00	100%	203,322.00

During the fiscal year ended June 30, 2011, the State of New Jersey contributed \$11,437.00 for TPAF pension and \$242,915.00 for post-retirement medical benefits On-Behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$271,836.81 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the individual fund statements and schedules as a revenue and expenditure in accordance with GASB 24.

9. PENSION PLANS (Continued)

Contribution Requirements (Continued)

Legislation enacted during 1993 provided early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 but less than 20 years of service. The Board assumed the increased cost for the early retirement as it affected their District.

10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 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 Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding 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 of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

11. 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 right to the benefits.

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

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Assets. The current portion of the compensated absences balance of the governmental funds is reported separately on the Statement of Net Assets.

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 Enterprise Fund.

12. DEFERRED COMPENSATION

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan, which is administered by the Division of Pensions, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency. The Plan Administrator is the Prudential Insurance Company of America.

13. RISK MANAGEMENT

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

Property and Liability Insurance

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

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 to the New Jersey Unemployment Trust Fund the employee contributions.

14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2011:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 143.68	\$ 3,574.73
Enterprise Funds	3,574.73	
Trust and Agency Fund	<u> </u>	<u>143.68</u>
	<u>\$ 3,718.41</u>	<u>\$ 3,718.41</u>

15. FUND BALANCE APPROPRIATED

General Fund - Of the \$805,824.26. General Fund fund balance reported in Statement "B-1" at June 30, 2011, \$48,009.95 is reserved for encumbrances, \$-0- has been appropriated and included as anticipated revenue for the year ending June 30, 2012; \$507,814.30 is for capital reserve and \$250,000.00 is Unassigned Fund Balance.

Debt Service Fund - Of the \$37,318.01 Debt Service Fund fund balance at June 30, 2011, \$-0- has been appropriated and included as anticipated revenue for the year ending June 30, 2012 and \$37,318.01 is Unassigned Fund Balance.

16. CONTINGENT LIABILITIES

A. Litigation

Board's general counsel and management have indicated that the Board is not involved in any matters of litigation that would have a material adverse impact in the financial condition of the District.

B. Federal and State Awards

The School District participates in several federal and state grant and aid programs which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants or aid, refunds of money received may be required and collectibility of any related receivable at June 30, 2011 may be impaired. In the opinion of the management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants, therefore, no provisions have been recorded in the accompanying general purpose financial statements for such contingencies.

17. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Education Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. There was no excess fund balance at June 30, 2011.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

C. BUDGETARY COMPARISON SCHEDULES

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

C-1
 Sheet #1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES					
Local Sources:					
Local Tax Levy	\$ 7,448,601.00	\$	\$ 7,448,601.00	\$ 7,448,601.00	\$
Interest Earned on Capital Reserves Fund	100.00		100.00	100.00	
Miscellaneous	10,000.00		10,000.00	14,588.28	4,588.28
Total - Local Sources	<u>7,458,701.00</u>		<u>7,458,701.00</u>	<u>7,463,289.28</u>	<u>4,588.28</u>
State Sources:					
Special Education Aid	5,774.00		5,774.00	5,774.00	
Extraordinary Aid	10,000.00		10,000.00	7,592.00	(2,408.00)
TPAF - Post Retirement Medical (On-Behalf - Nonbudgeted)				242,915.00	242,915.00
TPAF Pension (On-Behalf - Nonbudgeted)				11,437.00	11,437.00
TPAF Social Security (Reimbursed - Nonbudgeted)				271,836.81	271,836.81
Total - State Sources	<u>15,774.00</u>		<u>15,774.00</u>	<u>539,554.81</u>	<u>523,780.81</u>
Total Revenues	<u>7,474,475.00</u>		<u>7,474,475.00</u>	<u>8,002,854.09</u>	<u>528,379.09</u>

HAWORTH BOROUGH 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 Favorable (Unfavorable)
EXPENDITURES					
Current Expense:					
Instruction - Regular Programs:					
Salaries of Teachers:	\$ 166,786.00	\$ -	\$ 166,786.00	\$ 166,786.00	\$ -
Kindergarten	926,246.00	34,427.00	960,673.00	960,673.00	460.15
Grades 1 - 5	1,403,419.00	(103,911.29)	1,299,507.71	1,299,047.56	374.80
Grades 6 - 8	1,000.00	3,333.98	4,333.98	3,959.18	
Other Home Instruction					
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	238,904.00	(4,267.39)	234,636.61	233,643.00	993.61
Purchased Professional and Educational Services	4,000.00	-	4,000.00	3,184.00	816.00
Purchased Technical Services	8,500.00	33,000.00	41,500.00	20,657.00	20,843.00
Other Purchased Services	25,100.00	5,164.55	30,264.55	30,264.55	
General Supplies	94,624.00	18,270.87	112,894.87	101,978.14	10,916.73
Textbooks	27,350.00	(5,713.99)	21,636.01	20,723.19	912.82
Other Objects	2,400.00	(1,744.00)	656.00	656.00	
Total Regular Programs	<u>2,898,329.00</u>	<u>(21,440.27)</u>	<u>2,876,888.73</u>	<u>2,841,571.62</u>	<u>35,317.11</u>
Special Education:					
Resource Room:					
Salaries of Teachers	348,124.00	74,302.00	422,426.00	420,602.60	1,823.40
General Supplies	2,679.00	(2,679.00)			
Other Objects	200.00	(200.00)			
Total Resource Room	<u>351,003.00</u>	<u>71,423.00</u>	<u>422,426.00</u>	<u>420,602.60</u>	<u>1,823.40</u>
Total Special Education	351,003.00	71,423.00	422,426.00	420,602.60	1,823.40

HAWORTH BOROUGH 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 Favorable (Unfavorable)
EXPENDITURES					
Current Expense:					
Bilingual Education:					
Salaries of Teachers	\$ 96,573.00	\$ 5,632.00	\$ 102,205.00	\$ 102,205.00	\$ -
General Supplies	500.00	-	500.00	393.00	107.00
Total Bilingual Education	<u>97,073.00</u>	<u>5,632.00</u>	<u>102,705.00</u>	<u>102,598.00</u>	<u>107.00</u>
School Sponsored Cocurricular Activities:					
Salaries	33,240.00	(13,432.50)	19,807.50	19,807.50	
Purchased Services	5,500.00	(5,400.00)	100.00	100.00	
Supplies and Materials	4,000.00	(510.00)	3,490.00	5,536.60	(2,046.60)
Other Objects	4,000.00	(1,040.00)	2,960.00	2,960.00	
Total School Sponsored Cocurricular Activities	<u>46,740.00</u>	<u>(20,382.50)</u>	<u>26,357.50</u>	<u>28,404.10</u>	<u>(2,046.60)</u>
Summer School:					
Salaries	10,000.00	15,293.04	25,293.04	16,477.42	8,815.62
Total Summer School	<u>10,000.00</u>	<u>15,293.04</u>	<u>25,293.04</u>	<u>16,477.42</u>	<u>8,815.62</u>
Total - Instruction	<u>3,403,145.00</u>	<u>50,525.27</u>	<u>3,453,670.27</u>	<u>3,409,653.74</u>	<u>44,016.53</u>
Undistributed Expenditures:					
Instruction:					
Tuition to LEAs Within the State - Special	255,280.00	(49,295.99)	205,984.01	96,109.88	109,874.13
Tuition to CSSD and Regional Day Schools	53,800.00	5,714.00	59,514.00	53,800.00	5,714.00
Tuition to Private Schools for the Handicapped					
Within the State	87,984.00	8,742.08	96,726.08	96,726.08	
Total Undistributed Expenditures - Instruction	<u>397,064.00</u>	<u>(34,839.91)</u>	<u>362,224.09</u>	<u>246,635.96</u>	<u>115,588.13</u>

HAWORTH BOROUGH 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 Favorable (Unfavorable)
EXPENDITURES					
Current Expense:					
Undistributed Expenditures:					
Attendance and Social Work Services:					
Salaries	\$ 58,586.00	\$ (21,430.95)	\$ 37,155.05	\$ 37,056.62	\$ 98.43
Purchased Professional and Technical Services	3,500.00	337.00	3,837.00	3,837.00	
Supplies and Materials	100.00	(100.00)	-		
Total Attendance and Social Work Services	62,186.00	(21,193.95)	40,992.05	40,893.62	98.43
Health Services:					
Salaries	109,505.00	(68.60)	109,436.40	108,029.76	1,406.64
Purchased Professional and Technical Services	4,350.00	(4,120.50)	229.50	179.50	50.00
Other Purchased Services	2,381.00	1,155.00	3,536.00	3,478.07	57.93
Supplies and Materials	2,000.00	2,059.60	4,059.60	2,388.85	1,670.75
Total Health Services	118,236.00	(974.50)	117,261.50	114,076.18	3,185.32
Related Services:					
Salaries	110,205.00	6,078.00	116,283.00	114,203.70	2,079.30
Purchased Professional and Technical Services	58,000.00	7,070.00	65,070.00	64,299.52	770.48
Supplies and Materials	800.00	-	800.00	796.18	3.82
Total Related Services	169,005.00	13,148.00	182,153.00	179,299.40	2,853.60
Other Support Services - Students - Extra Services:					
Supplies and Materials	500.00		500.00	303.99	196.01
Total Other Support Services - Students - Extra Services	500.00		500.00	303.99	196.01
Other Support Services - Students - Regular:					
Salaries of Other Professional Staff	72,561.00	1,062.00	73,623.00	69,584.27	4,028.73
Purchased Professional - Educational Services	3,000.00	-	3,000.00	2,278.16	721.84
Supplies and Materials	250.00	1.89	251.89	251.89	
Total Other Support Services - Students - Regular	75,811.00	1,063.89	76,874.89	72,124.32	4,750.57

HAWORTH BOROUGH 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 Favorable (Unfavorable)
EXPENDITURES					
Current Expense:					
Undistributed Expenditures:					
Other Support Services - Students - Special Services:					
Salaries of Other Professional Staff	\$ 215,951.00	\$ 76,243.92	\$ 292,194.92	\$ 290,855.60	\$ 1,339.32
Salaries of Secretarial and Clerical Assistants	39,004.00	2,432.48	41,436.48	40,691.35	745.13
Purchased Professional - Educational Services	28,000.00	(15,864.66)	12,135.34	11,958.00	177.34
Miscellaneous Purchased Services	1,000.00	23.95	1,023.95	1,023.95	
Supplies and Materials	3,550.00	800.00	4,350.00	3,953.02	396.98
Other Objects	400.00	(0.60)	399.40	62.25	337.15
Total Other Support Services - Students - Special Services	287,905.00	63,635.09	351,540.09	348,544.17	2,995.92
Improvement of Instructional Services:					
Purchased Professional - Educational Services	25,000.00	-	25,000.00	24,300.50	699.50
Other Purchased Professional and Technical Services	2,000.00	(2,000.00)			
Supplies and Materials	3,000.00	(2,091.25)	908.75	908.75	
Other Objects	2,000.00	(1,863.24)	136.76	136.76	
	32,000.00	(5,954.49)	26,045.51	25,346.01	699.50
Educational Media Services/School Library:					
Salaries	13,180.00	8,070.00	21,250.00	21,250.00	
Supplies and Materials	15,680.00	(2,998.09)	12,681.91	12,282.52	399.39
Total Educational Media Services/School Library	28,860.00	5,071.91	33,931.91	33,532.52	399.39
Instructional Staff Training Services:					
Purchased Professional - Educational Services	43,252.00	6,643.40	49,895.40	49,820.77	74.63
Travel	6,650.00	(3,714.50)	2,935.50	2,935.50	
Total Instructional Staff Training Services	49,902.00	2,928.90	52,830.90	52,756.27	74.63

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

C-1
 Sheet #6

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
EXPENDITURES					
Current Expense:					
Undistributed Expenditures:					
Support Services General Administration:					
Salaries	\$ 165,121.00	\$ 8,486.57	\$ 173,607.57	\$ 152,090.05	\$ 21,517.52
Legal Services	16,203.75	3,425.00	19,628.75	18,856.76	771.99
Audit Fees	16,600.00	(1,425.00)	15,175.00	15,175.00	
Architectural/Engineering Services	5,000.00	730.00	5,730.00	5,730.00	
Other Purchased Professional Services	5,480.00	(348.38)	5,131.62	5,071.62	60.00
Purchased Technical Services	3,500.00	(3,500.00)	-	-	
Communications/Telephone	54,300.00	(11,708.94)	42,591.06	42,591.06	
Board Member's Travel	2,000.00	(1,941.63)	58.37	21,038.04	58.37
Other Purchased Services	23,300.00	(1,159.67)	22,140.33	21,038.04	1,102.29
General Supplies	12,000.00	(4,868.64)	7,331.36	6,805.87	525.49
Miscellaneous Expenditures	2,700.00	(149.00)	2,551.00	1,836.23	714.77
BOE Membership Dues and Fees	5,500.00		5,500.00	4,817.65	682.35
Total Support Services General Administration	311,704.75	(12,259.69)	299,445.06	274,012.28	25,432.78
Support Services School Administration:					
Salaries of Principals/Assistant Principals	148,100.00	5,116.66	153,216.66	153,216.66	
Salaries of Secretarial and Clerical Assistants	24,839.00	(3,218.91)	21,620.09	20,981.80	638.29
Purchased Professional and Technical Services	2,500.00	(2,300.00)	200.00	105.00	95.00
Other Purchased Services	800.00	(100.00)	700.00	40.00	660.00
Supplies and Materials	13,000.00	(9,789.81)	3,210.19	3,210.19	
Miscellaneous Expenditures	1,000.00	149.00	1,149.00	1,095.00	54.00
Total Support Services School Administration	190,239.00	(10,143.06)	180,095.94	178,648.65	1,447.29

HAWORTH BOROUGH 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 Favorable (Unfavorable)
EXPENDITURES					
Current Expense:					
Undistributed Expenditures Central Services:					
Salaries	\$ 155,094.00	\$ (93,706.05)	\$ 61,387.95	\$ 60,528.49	\$ 859.46
Purchased Technical Services	14,970.00	(3,000.00)	11,970.00	11,935.00	35.00
Other Purchased Professional Services	-	89,000.00	89,000.00	89,000.00	-
Business Administration Travel	-	100.00	100.00	100.00	100.00
Supplies and Materials	10,000.00	289.81	10,289.81	9,722.53	567.28
Miscellaneous Expenditures	1,000.00	-	1,000.00	990.00	10.00
Total Central Services	181,064.00	(7,316.24)	173,747.76	172,176.02	1,571.74
Undistributed Expenditures Administration Information Technology:					
Purchased Technical Services	37,500.00	8,800.00	46,300.00	40,200.00	6,100.00
Supplies and Materials	2,000.00	(500.00)	1,500.00	1,232.77	267.23
Total Administration Information Technology	39,500.00	8,300.00	47,800.00	41,432.77	6,367.23
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	110,090.00	(5,079.52)	105,010.48	97,180.28	7,830.20
General Supplies	3,000.00	216.10	3,216.10	3,216.10	-
Total Required Maintenance for School Facilities	113,090.00	(4,863.42)	108,226.58	100,396.38	7,830.20
Other Operations and Maintenance of Plant Services:					
Salaries	182,168.00	14,736.34	196,904.34	190,696.41	6,207.93
Cleaning, Repair and Maintenance Services	147,552.00	8,727.67	156,279.67	162,080.50	(5,800.83)
Other Purchased Property Services	17,200.00	19,163.46	36,363.46	33,739.86	2,623.60
Insurance	50,000.00	74,000.00	124,000.00	120,690.00	3,310.00
Miscellaneous Purchased Services	7,900.00	(1,341.42)	6,558.58	5,350.00	1,208.58
General Supplies	31,000.00	(10,244.28)	20,755.72	20,449.06	306.66
Energy (Electricity)	141,600.00	(32,994.94)	108,605.06	108,605.06	-
Other Objects	8,000.00	(4,125.00)	3,875.00	3,300.00	575.00
Energy (Natural Gas)	48,100.00	(6,829.12)	41,270.88	41,270.88	-
Total Other Operations and Maintenance of Plant Services	633,520.00	61,092.71	694,612.71	686,181.77	8,430.94
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	8,000.00	19,652.50	27,652.50	27,355.50	297.00
General Supplies	3,500.00	(2,873.01)	626.99	626.99	626.99
Other Objects	500.00	-	500.00	500.00	500.00
Total Care and Upkeep of Grounds	12,000.00	16,779.49	28,779.49	27,355.50	1,423.99
Student Transportation Services:					
Contracted Services (Other than Between Home and School) - Vendors	6,200.00	-	6,200.00	4,776.00	1,424.00
Contracted Services (Special Ed Students) - Vendors	106,747.00	(10,000.00)	96,747.00	59,738.03	37,008.97
Contracted Services - Aid in Lieu Payments	21,000.00	-	21,000.00	15,384.73	5,615.27
Miscellaneous Purchased Services	8,000.00	-	8,000.00	5,481.00	2,519.00
Total Student Transportation Services	141,947.00	(10,000.00)	131,947.00	55,379.76	46,567.24

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

C-1
 Sheet #8

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
EXPENDITURES					
Current Expense:					
Undistributed Expenditures:					
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	\$ 104,000.00	\$ (15,000.00)	\$ 89,000.00	\$ 67,302.11	\$ 21,697.89
Other Retirement Contributions - Regular	65,530.00	29,726.00	95,256.00	76,503.00	18,753.00
Unemployment Compensation	14,000.00	1,016.23	15,016.23	15,016.23	
Workmen's Compensation	89,828.00	28,983.77	118,811.77	112,098.00	6,713.77
Health Benefits	980,851.00	(159,726.00)	821,125.00	809,931.76	11,193.24
Tuition Reimbursement	20,000.00	-	20,000.00	1,245.00	18,755.00
Total Unallocated Benefits - Employee Benefits	<u>1,274,209.00</u>	<u>(115,000.00)</u>	<u>1,159,209.00</u>	<u>1,082,096.10</u>	<u>77,112.90</u>
On-Behalf TPAF - Post Retirement Medical (Nonbudgeted)				242,915.00	(242,915.00)
On-Behalf TPAF Pension Contribution (Nonbudgeted)				11,437.00	(11,437.00)
Reimbursement of TPAF Social Security Contribution (Nonbudgeted)				271,836.81	(271,836.81)
				<u>526,188.81</u>	<u>(526,188.81)</u>
Total Undistributed Expenditures - Current Expense	<u>4,118,742.75</u>	<u>(50,525.27)</u>	<u>4,068,217.48</u>	<u>4,287,380.48</u>	<u>(219,163.00)</u>
Total Expenditures - Current Expense	<u>7,521,887.75</u>	<u>(0.00)</u>	<u>7,521,887.75</u>	<u>7,697,034.22</u>	<u>(175,146.47)</u>
Capital Outlay:					
Undistributed Expenditures:					
Equipment:	6,999.00		6,999.00	6,999.00	
Operation and Maintenance of Plant Services	6,999.00		6,999.00	6,999.00	
Total Equipment	<u>6,999.00</u>		<u>6,999.00</u>	<u>6,999.00</u>	

HAWORTH BOROUGH 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 Favorable (Unfavorable)</u>
EXPENDITURES					
Capital Outlay:					
Facilities Acquisition and Construction Services:					
Other Object	\$ 5,316.00	\$	5,316.00	5,316.00	\$
Total Facilities Acquisition and Construction Services	<u>5,316.00</u>		<u>5,316.00</u>	<u>5,316.00</u>	
Total Capital Outlay	12,315.00		12,315.00	12,315.00	
Total Expenditures	<u>7,534,202.75</u>	<u>(0.00)</u>	<u>7,534,202.75</u>	<u>7,709,349.22</u>	<u>(175,146.47)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(59,727.75)</u>		<u>(59,727.75)</u>	<u>293,504.87</u>	<u>353,232.62</u>
Fund Balances, July 1	512,319.38		512,319.38	512,319.38	
Fund Balances, June 30	<u>\$ 452,591.63</u>	<u>\$ -</u>	<u>\$ 452,591.63</u>	<u>\$ 805,824.25</u>	<u>\$ 353,232.62</u>
Recapitulation:					
Restricted Fund Balance:					
Year-End Encumbrances				\$ 48,009.95	
Capital Reserve				507,814.30	
Unassigned Fund Balance				250,000.00	
				<u>805,824.25</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				-	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 805,824.25</u>	

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

C-2

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources	\$ -	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ -
Federal Sources	145,910.00	7,434.00	153,344.00	153,344.00	-
Total Revenues	\$145,910.00	\$ 32,434.00	\$178,344.00	\$178,344.00	\$ -
EXPENDITURES					
Instruction:					
Other Salaries for Instruction	\$144,114.00	\$(110,667.00)	\$ 33,447.00	\$ 33,447.00	\$ -
Other Purchased Services for Instruction	796.00	77,090.00	77,886.00	77,886.00	-
Total Instruction	144,910.00	(33,577.00)	111,333.00	111,333.00	-
Support Services:					
Purchased Professional and Educational Services		1,570.00	1,570.00	1,570.00	
Purchased Professional and Technical Services		25,000.00	25,000.00	25,000.00	
Purchased Professional Services		17,379.00	17,379.00	17,379.00	
Employee Benefits		18,753.00	18,753.00	18,753.00	
Supplies and Materials	1,000.00	3,309.00	4,309.00	4,309.00	
Total Support Services	1,000.00	66,011.00	67,011.00	67,011.00	
Total Expenditures	145,910.00	32,434.00	178,344.00	178,344.00	-
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	\$ -				

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

HAWORTH BOROUGH SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGET-TO-GAAP RECONCILIATION
 NOTES 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	[C-1]	\$ 8,002,854.09		[C-2]	\$ 178,344.00
Difference - Budget-to-GAAP:					
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		None			None
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes		32,815.00			None
State aid payment recognized for budgetary purposes, not recognized for GAAP statements		<u>None</u>			<u>None</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	<u>\$ 8,035,669.09</u>		[B-2]	<u>\$ 178,344.00</u>
Uses/Outflows of Resources:					
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 7,709,349.22		[C-2]	\$ 178,344.00
Difference - Budget-to-GAAP:					
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purpose but in the year the supplies are received for financial reporting purposes.		<u>None</u>			<u>None</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds including transfers	[B-2]	<u>\$ 7,709,349.22</u>		[B-2]	<u>\$ 178,344.00</u>

OTHER SUPPLEMENTARY INFORMATION

D. SCHOOL BASED BUDGET SCHEDULES (IF APPLICABLE)

E. SPECIAL REVENUE FUND

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

	Title III Carryover 2008-2009	Title III	IDEA Part B Basic	Part B Preschool	ARRA IDEA Basic	Haworth Teacher's Association	Haworth Home and School Association	Totals June 30, 2011
REVENUES								
Federal Sources	\$ 1,570.00	\$ 4,309.00	\$ 93,938.00	\$ 1,327.00	\$ 52,200.00	\$ -	\$ -	\$ 153,344.00
Local Sources	\$ 1,570.00	\$ 4,309.00	\$ 93,938.00	\$ 1,327.00	\$ 52,200.00	\$ 5,000.00	\$ 20,000.00	\$ 25,000.00
Total Revenues	\$ 3,140.00	\$ 8,618.00	\$ 187,876.00	\$ 2,654.00	\$ 104,400.00	\$ 5,000.00	\$ 20,000.00	\$ 217,344.00
EXPENDITURES								
Instruction:								
Other Salaries for Instruction	\$ -	\$ -	\$ -	\$ -	\$ 33,447.00	\$ -	\$ -	\$ 33,447.00
Other Purchased Services for Instruction	-	-	76,559.00	1,327.00	-	-	-	77,886.00
Total Instruction	\$ -	\$ -	\$ 76,559.00	\$ 1,327.00	\$ 33,447.00	\$ -	\$ -	\$ 111,333.00
Support Services:								
Purchased Professional and Educational Services	1,570.00							1,570.00
Purchased Professional and Technical Services			17,379.00			5,000.00	20,000.00	25,000.00
Other Purchased Professional Services					18,753.00			18,753.00
Employee Benefits		4,309.00						4,309.00
Supplies and Materials	1,570.00	4,309.00	17,379.00		18,753.00	5,000.00	20,000.00	67,011.00
Total Support Services	\$ 3,140.00	\$ 8,618.00	\$ 34,758.00	\$ 1,327.00	\$ 18,753.00	\$ 5,000.00	\$ 20,000.00	\$ 87,011.00
Total Expenditures	\$ 3,140.00	\$ 8,618.00	\$ 187,876.00	\$ 2,654.00	\$ 104,400.00	\$ 5,000.00	\$ 20,000.00	\$ 217,344.00

F. CAPITAL PROJECTS FUND

G. PROPRIETARY FUNDS

ENTERPRISE FUND

HAWORTH BOROUGH SCHOOL DISTRICT
 COMBINING STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 JUNE 30, 2011

G-1

	<u>Business-Type Activities - Enterprise Funds</u>	<u>Total Enterprise Funds</u>
	<u>After School Latchkey Program</u>	
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 34,799.13	\$ 34,799.13
Interfunds Receivable	3,574.73	3,574.73
Accounts Receivable:		
Other	<u>1,810.00</u>	<u>1,810.00</u>
Total Assets	<u>\$ 40,183.86</u>	<u>\$ 40,183.86</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Overpayments	\$ 414.00	\$ 414.00
Accounts Payable	<u>31,723.34</u>	<u>31,723.34</u>
Total Current Liabilities	<u>\$ 32,137.34</u>	<u>\$ 32,137.34</u>
<u>NET ASSETS</u>		
Unrestricted	<u>\$ 8,046.52</u>	<u>\$ 8,046.52</u>

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

G-2

	Business-Type Activities Enterprise Fund		Total Enterprise Funds
	After School Latchkey Program	Enrichment Program	
Operating Revenues:			
Charges for Services:			
Tuition	\$ 38,265.00	\$ 3,035.00	\$ 41,300.00
Operating Expenses:			
Salaries	23,005.61	3,035.00	26,040.61
Other Expenses	45,846.71	296.34	46,143.05
Total Operating Expenses	68,852.32	3,331.34	72,183.66
Operating Loss	(30,587.32)	(296.34)	(30,883.66)
Nonoperating Revenues (Expenses):			
Interest	381.54	-	381.54
Total Nonoperating Revenues	381.54	-	381.54
Loss before Contributions and Transfers	(30,205.78)	(296.34)	(30,502.12)
Transfer Out		(123.38)	(123.38)
Change in Net Assets	(30,205.78)	(419.72)	(30,625.50)
Total Net Assets - Beginning	38,252.30	419.72	38,672.02
Total Net Assets - Ending	\$ 8,046.52	\$ -	\$ 8,046.52

HAWORTH BOROUGH SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

G-3

	Business-Type Activities - Enterprise Fund		Total Enterprise Funds
	After School Latchkey Program	Enrichment Program	
<u>Cash Flows from Operating Activities</u>			
Receipts from Customers	\$ 40,560.00	\$ 3,035.00	\$ 43,595.00
Payments to Employees	(19,325.32)	(3,035.00)	(22,360.32)
Payments for Other Operating Expenses	(19,554.14)	(5,894.73)	(25,448.87)
Net Cash Provided by Operating Activities	1,680.54	(5,894.73)	(4,214.19)
<u>Cash Flows from Noncapital and Related Financing Activities</u>			
Intergovernmental Accounts Receivable		64.66	64.66
Intergovernmental Accounts Payable	(3,334.79)		(3,334.79)
Transfer Out		(123.38)	(123.38)
Net Cash Used for Noncapital and Related Financing Activities	(3,334.79)	(58.72)	(3,393.51)
<u>Cash Flows from Investing Activities</u>			
Interest	381.54	-	381.54
Net Cash Provided by Investing Activities	381.54	-	381.54
Balance - Beginning of Year	36,071.84	5,953.45	42,025.29
Balance - End of Year	\$ 34,799.13	\$ -	\$ 34,799.13
Reconciliation of Operating Income to <u>Net Cash Provided by Operating Activities</u>			
Operating Loss	\$ (30,587.32)	\$ (296.34)	\$ (30,883.66)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Change in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	1,881.00	-	1,881.00
Increase (Decrease) in Accounts Payable	29,972.86	(5,598.39)	24,374.47
Increase (Decrease) in Overpayments	414.00		414.00
Total Adjustments	32,267.86	(5,598.39)	26,669.47
Net Cash Provided by Operating Activities	\$ 1,680.54	\$ (5,894.73)	\$ (4,214.19)

INTERNAL SERVICE FUND

H. FIDUCIARY FUNDS

HAWORTH BOROUGH SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

H-1

Agency
Fund

ASSETS

Cash and Cash Equivalents	\$68,065.17
Total Assets	<u>\$68,065.17</u>

LIABILITIES

Interfunds Payable	\$ 143.68
Payroll Deductions and Withholdings	30,082.51
Payable to Student Groups	<u>37,838.98</u>
Total Liabilities	<u>\$68,065.17</u>

HAWORTH BOROUGH SCHOOL DISTRICT
 STUDENT ACTIVITY AGENCY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 FIDUCIARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

H-3

	<u>Balance</u> <u>June 30, 2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2011</u>
Elementary Schools	<u>\$ 32,070.43</u>	<u>\$100,932.85</u>	<u>\$ 95,164.30</u>	<u>\$ 37,838.98</u>
Total All Schools	<u><u>\$ 32,070.43</u></u>	<u><u>\$100,932.85</u></u>	<u><u>\$ 95,164.30</u></u>	<u><u>\$ 37,838.98</u></u>

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

H-4

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 3,885.55	\$2,026,539.35	\$2,000,198.71	\$ 30,226.19
Total Assets	<u>\$ 3,885.55</u>	<u>\$2,026,539.35</u>	<u>\$2,000,198.71</u>	<u>\$ 30,226.19</u>
 <u>LIABILITIES</u>				
Payroll Deductions and Withholdings	\$ 3,741.87	\$2,026,316.31	\$1,999,975.67	\$ 30,082.51
Due to General Fund	<u>143.68</u>	<u>223.04</u>	<u>223.04</u>	<u>143.68</u>
Total Liabilities	<u>\$ 3,885.55</u>	<u>\$2,026,539.35</u>	<u>\$2,000,198.71</u>	<u>\$ 30,226.19</u>

I. LONG-TERM DEBT

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

1-1

	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2010	Retired	Balance June 30, 2011
			Date	Amount				
School District Bonds	8-15-04	\$2,682,000.00	8/15/2011	180,000.00	3.75	\$	\$	
			8/15/2012	140,000.00	3.75			
			8/15/2013	155,000.00	3.75			
			8/15/2014	240,000.00	3.75			
			8/15/2015	250,000.00	3.80			
			8/15/2016	250,000.00	3.90			
			8/15/2017-18	250,000.00	4.00			
			8/15/2019	247,000.00	4.00	2,137,000.00	175,000.00	1,962,000.00
School District Bonds Refunding	6-30-09	2,560,000.00	2/15/2012	200,000.00	4.00			
			2/15/2013-16	275,000.00	4.00			
			2/15/2017-18	270,000.00	5.00			
			2/15/2019	275,000.00	4.50	2,315,000.00	200,000.00	2,115,000.00
						\$4,452,000.00	\$375,000.00	\$4,077,000.00

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

I-3

<u>REVENUES</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
Local Sources:				
Local Tax Levy	\$ 559,968.00	\$ 559,968.00	\$ 559,968.00	\$
State Sources:				
Debt Service Aid Type II	<u>65,134.00</u>	<u>65,134.00</u>	<u>65,134.00</u>	
Total Revenues	<u>625,102.00</u>	<u>625,102.00</u>	<u>625,102.00</u>	
 <u>EXPENDITURES</u>				
Regular Debt Service:				
Interest	183,692.00	186,972.69	186,972.69	
Redemption of Principal	<u>441,680.00</u>	<u>438,399.31</u>	<u>436,679.63</u>	<u>1,719.68</u>
Total Regular Debt Service	<u>625,372.00</u>	<u>625,372.00</u>	<u>623,652.32</u>	<u>1,719.68</u>
Total Expenditures	<u>625,372.00</u>	<u>625,372.00</u>	<u>623,652.32</u>	<u>1,719.68</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(270.00)	(270.00)	1,449.68	1,719.68
Fund Balances, July 1	<u>35,868.33</u>	<u>35,868.33</u>	<u>35,868.33</u>	
Fund Balances, June 30	<u>\$ 35,598.33</u>	<u>\$ 35,598.33</u>	<u>\$ 37,318.01</u>	<u>\$ 1,719.68</u>
Recapitulation of Excess/(Deficiency) of Revenues Over/(Under) Expenditures				
Budgeted Fund Balance	<u>\$ 270.00</u>	<u>\$ 270.00</u>	<u>\$ 37,318.01</u>	<u>\$ 1,719.68</u>

STATISTICAL SECTION (UNAUDITED)

INTRODUCTION TO THE STATISTICAL SECTION

FINANCIAL TRENDS

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

J-1

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Governmental Activities:							
Invested in Capital Assets, Net of							
Related Debt	\$1,072,662.25	\$ 863,170.06	\$1,255,961.02	\$1,637,099.36	\$2,057,022.87	\$2,405,191.33	\$2,780,152.81
Restricted	357,784.22	640,107.15	464,299.41	351,386.96	71,890.39	262,319.38	555,824.25
Unrestricted	<u>92,214.79</u>	<u>133,446.86</u>	<u>196,375.85</u>	<u>61,348.72</u>	<u>72,826.09</u>	<u>100,378.25</u>	<u>139,055.66</u>
Total Governmental Activities Net Assets	<u>\$1,522,661.26</u>	<u>\$1,636,724.07</u>	<u>\$1,916,636.28</u>	<u>\$2,049,835.04</u>	<u>\$2,201,739.35</u>	<u>\$2,767,888.96</u>	<u>\$3,475,032.72</u>
Business-Type Activities:							
Unrestricted	<u>\$ 6,041.39</u>	<u>\$ (1,465.21)</u>	<u>\$ 19,304.73</u>	<u>\$ 19,532.47</u>	<u>\$ 23,019.98</u>	<u>\$ 38,672.02</u>	<u>\$ 8,046.52</u>
Total Business-Type Activities Net Assets	<u>\$ 6,041.39</u>	<u>\$ (1,465.21)</u>	<u>\$ 19,304.73</u>	<u>\$ 19,532.47</u>	<u>\$ 23,019.98</u>	<u>\$ 38,672.02</u>	<u>\$ 8,046.52</u>
District-Wide:							
Invested in Capital Assets, Net of							
Related Debt	\$1,072,662.25	\$ 863,170.06	\$1,255,961.02	\$1,637,099.36	\$2,057,022.87	\$2,405,191.33	\$2,780,152.81
Restricted	357,784.22	640,107.15	464,299.41	351,386.96	71,890.39	262,319.38	555,824.25
Unrestricted	<u>98,256.18</u>	<u>131,981.65</u>	<u>215,680.59</u>	<u>80,881.19</u>	<u>95,846.07</u>	<u>139,050.27</u>	<u>147,102.18</u>
Total District Net Assets	<u>\$1,528,702.65</u>	<u>\$1,635,258.86</u>	<u>\$1,935,941.01</u>	<u>\$2,069,367.51</u>	<u>\$2,224,759.33</u>	<u>\$2,806,560.98</u>	<u>\$3,483,079.24</u>

This schedule does not contain ten years of information as GASB #34 was implemented during the fiscal year ending June 30, 2004.

Source: CAFR Schedule A-1

HAWORTH BOROUGH SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
(Accrual Basis of Accounting)
Unaudited

J-2

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Expenses							
Governmental Activities:							
Instruction:							
Regular	\$ 2,913,717.17	\$ 3,148,538.63	\$ 3,331,453.13	\$ 3,985,895.95	\$ 3,939,754.55	\$ 3,774,479.94	\$ 3,814,522.48
Special Education	257,588.35	317,500.03	348,165.35	674,584.13	478,193.02	529,637.83	556,637.09
Other Special Education	234,374.75	234,783.44	233,093.53	120,338.33	119,391.07	128,142.68	136,726.66
Other Instruction	113,812.23	118,847.34	135,990.18	51,951.24	49,262.55	36,311.41	36,401.42
Special Schools						26,176.09	21,806.67
Support Services:							
Tuition	308,990.09	265,890.22	307,650.60	350,227.56	436,892.03	254,459.69	246,635.96
Student and Instruction Related Services	795,576.82	719,894.68	823,222.31	951,849.75	1,022,279.61	1,129,888.66	1,177,880.71
School Administrative Services	144,959.39	259,338.98	252,868.23	241,608.23	275,259.61	354,088.32	229,361.80
General Administration	321,788.17	289,906.69	272,092.38	435,317.21	403,777.47	377,023.71	328,273.63
Plant Operations and Maintenance	610,228.84	695,891.44	761,956.78	854,799.44	827,597.65	824,886.34	964,573.39
Pupil Transportation	147,859.09	100,960.99	118,104.85	147,268.43	166,956.63	132,515.12	101,181.52
Business and Other Support Services	285,541.53	252,411.48	269,592.78	270,308.99	244,068.60	266,346.63	261,516.89
Unallocated Benefits	391,139.10	454,543.26	651,229.66	-			-
Debt Service:							
Interest and Other Charges	263,789.90	282,406.74	266,728.90	253,462.33	176,100.40	197,959.18	195,734.96
Capital Outlay	110,877.38	521,610.27	(8,172.61)	-			
Unallocated Depreciation	113,056.05	75,158.28	74,016.39	105,570.80	114,415.55	111,525.00	61,718.15
	<u>7,013,288.66</u>	<u>7,727,262.45</u>	<u>7,835,992.46</u>	<u>8,443,182.39</u>	<u>8,253,948.74</u>	<u>8,133,420.69</u>	<u>8,131,971.33</u>
Business-Type Activities:							
Enterprise Fund	64,959.78	55,927.35	71,921.09	141,847.20	120,957.35	94,721.05	72,183.66
Total District Expenses	<u>\$ 7,078,248.64</u>	<u>\$ 7,783,189.80</u>	<u>\$ 7,907,913.55</u>	<u>\$ 8,585,029.59</u>	<u>\$ 8,374,906.09</u>	<u>\$ 8,228,141.64</u>	<u>\$ 8,204,154.99</u>
Program Revenues							
Governmental Activities:							
Operating Grants and Contributions	\$ 105,879.00	\$ 111,193.57	\$ 100,682.00	\$ 814,855.39	\$ 575,529.03	\$ 662,118.78	\$ 704,532.81
Net (Expense)/Revenue							
Governmental Activities	\$ (6,907,409.86)	\$ (7,616,068.88)	\$ (7,735,310.46)	\$ (7,628,327.00)	\$ (7,878,419.71)	\$ (7,471,301.81)	\$ (7,427,438.52)
Business-Type Activities	(64,959.78)	(55,927.35)	(71,921.09)	(141,847.20)	(120,957.35)	(94,721.05)	(72,183.66)
Total District-Wide Net Expense	<u>\$ (6,972,369.64)</u>	<u>\$ (7,671,996.23)</u>	<u>\$ (7,807,231.55)</u>	<u>\$ (7,770,174.20)</u>	<u>\$ (7,799,377.06)</u>	<u>\$ (7,566,022.86)</u>	<u>\$ (7,499,622.18)</u>
General Revenue and Other Changes in Net Assets							
Governmental Activities:							
General Purpose Property Taxes	\$ 5,894,923.00	\$ 6,244,463.00	\$ 6,249,910.00	\$ 6,499,906.00	\$ 6,759,902.00	\$ 7,030,298.00	\$ 7,448,601.00
Taxes Levied for Debt Service	393,983.00	426,833.00	489,050.00	565,713.00	529,185.00	544,101.00	559,968.00
Restricted Federal and State Aid	720,784.10	785,704.09	1,119,314.39	485,730.00	457,289.00	453,576.00	111,315.00
Tuition	218,787.03	177,484.35	115,637.00	82,075.00	45,277.00	-	-
Miscellaneous Income	92,935.84	66,103.25	70,855.28	128,101.76	38,670.72	9,476.42	14,698.28
	<u>7,321,392.97</u>	<u>7,700,587.69</u>	<u>8,044,766.67</u>	<u>7,761,525.76</u>	<u>7,830,323.72</u>	<u>8,037,451.42</u>	<u>8,134,582.28</u>
Business-Type Activities:							
Miscellaneous	60,397.50	48,420.75	92,691.03	142,074.94	124,444.86	110,373.09	41,558.16
Total District-Wide	<u>\$ 7,381,790.47</u>	<u>\$ 7,749,008.44</u>	<u>\$ 8,137,457.70</u>	<u>\$ 7,903,600.70</u>	<u>\$ 7,954,768.58</u>	<u>\$ 8,147,824.51</u>	<u>\$ 8,176,140.44</u>
Change in Net Assets							
Governmental Activities	\$ 413,983.11	\$ 84,518.81	\$ 309,456.21	\$ 133,198.76	\$ 151,904.01	\$ 566,149.61	\$ 707,143.76
Business-Type Activities	(4,562.28)	(7,506.60)	20,769.94	227.74	3,487.51	15,652.04	(30,625.50)
Total District	<u>\$ 409,420.83</u>	<u>\$ 77,012.21</u>	<u>\$ 330,226.15</u>	<u>\$ 133,426.50</u>	<u>\$ 155,391.52</u>	<u>\$ 581,801.65</u>	<u>\$ 676,518.26</u>

This schedule does not contain ten years of information as GASB #34 was implemented during the fiscal year ending June 30, 2004.

Source: CAFR Schedule A-2

HAWORTH BOROUGH SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST SEVEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)
 Unaudited

J-3

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
General Fund:							
Reserved	\$ 400,141.50	\$ 635,852.17	\$ 464,295.41	\$ 351,386.96	\$ 71,890.39	\$ 262,319.38	\$ 555,824.25
Unreserved	124,679.07	135,663.65	250,285.31	143,361.27	177,421.42	217,185.00	250,000.00
	<u>\$ 524,820.57</u>	<u>\$ 771,515.82</u>	<u>\$ 714,580.72</u>	<u>\$ 494,748.23</u>	<u>\$ 249,311.81</u>	<u>\$ 479,504.38</u>	<u>\$ 805,824.25</u>
All Other Governmental Funds:							
Reserved	\$ 4,553.00	\$ 58,080.00	\$ 4.00	\$ 26,041.00	\$ 12,661.00	\$ 270.00	\$ -
Unreserved:							
Capital Projects Fund	1,934,168.43	709,593.64	423,548.55	23,844.08	-	-	-
Debt Service Fund	58,080.44	4.19	26,040.54	12,660.43	269.81	35,598.33	37,318.01
	<u>\$ 1,996,801.87</u>	<u>\$ 767,677.83</u>	<u>\$ 449,593.09</u>	<u>\$ 62,545.51</u>	<u>\$ 12,930.81</u>	<u>\$ 35,868.33</u>	<u>\$ 37,318.01</u>
Total Fund Balances	<u>\$ 2,521,622.44</u>	<u>\$ 1,539,193.65</u>	<u>\$ 1,164,173.81</u>	<u>\$ 557,293.74</u>	<u>\$ 262,242.62</u>	<u>\$ 515,372.71</u>	<u>\$ 843,142.26</u>

This schedule does not contain ten years of information as GASB #34 was implemented during the fiscal year ending June 30, 2004.

Source: CAFR Schedule B-1

HAWORTH BOROUGH SCHOOL DISTRICT
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)
 Unaudited

J-4

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Local Tax Levy	\$ 4,962,880	\$ 5,140,606	\$ 6,045,972	\$ 6,298,886	\$ 6,671,296	\$ 6,738,960	\$ 7,065,619	\$ 7,289,087	\$ 7,574,399	\$ 8,008,569
Tuition	71,100	118,360	193,600	218,787	177,484	115,637	82,075	45,277	9,476	14,898
Miscellaneous	43,461	8,743	24,023	92,936	66,540	70,855	128,102	38,671	765	25,000
County Sources	561,530	721,606	1,298,280	830,663	900,888	1,120,336	1,200,400	945,184	965,403	637,504
State Sources	72,030	71,736	92,006	101,878	107,194	99,661	100,185	103,532	149,527	153,344
Federal Sources	5,711,002	6,061,051	7,853,882	7,533,151	7,923,412	8,145,449	8,576,381	8,421,751	8,699,570	8,839,115
Expenditures										
Instruction:										
Regular	1,768,211	1,932,761	2,516,365	2,503,596	2,718,116	2,747,412	2,955,595	3,108,741	2,925,746	2,952,905
Special	248,387	394,467	350,270	386,465	430,214	452,603	482,218	373,595	404,858	420,803
Other Special	48,954	63,633	68,354	71,504	75,240	82,785	87,762	93,233	97,965	102,598
Other Instruction	36,694	28,998	35,841	35,645	36,702	45,622	43,732	42,349	28,404	28,404
Special Schools										
Undistributed:										
Tuition	378,888	376,803	283,320	308,990	255,690	307,651	350,228	436,892	254,460	246,636
Student and Instruction Related Services	942,883	959,933	583,505	686,977	958,955	683,124	754,884	848,078	894,419	933,887
General Administration	209,947	236,644	281,984	290,960	262,064	242,610	340,926	355,258	310,301	274,012
School Administration	95,787	109,579	113,263	116,604	208,458	211,407	185,576	197,855	276,465	178,649
Maintenance for School Facilities	276,630	118,577	107,107	112,366	117,885	135,580	414,989	71,204	64,988	100,396
Other Operation and Maintenance	134,068	390,317	500,957	447,870	519,902	557,961	304,576	640,255	631,125	713,537
Pupil Transportation	149,682	171,230	157,560	147,859	100,961	116,105	123,970	143,527	111,830	85,380
Business and Other Support Services	195,976	221,175	226,357	237,480	206,852	220,784	220,386	205,003	213,473	213,609
Employee Benefits	713,735	879,400	1,209,281	1,260,889	1,434,109	1,705,417	1,782,187	1,454,806	1,590,447	1,608,285
Capital Outlay	2,143,332	257,381	798,848	762,162	1,374,744	362,406	466,624	71,490	622,114	12,315
Debt Service	404,074	432,353	424,232	453,790	535,829	649,003	659,608	658,816	8,446,440	623,652
	7,747,058	6,573,253	7,657,154	7,823,157	8,905,404	8,520,469	9,183,261	8,700,902	8,446,440	8,511,346
Excess (Deficiency) of Revenue Over/(Under) Expenditures	(2,036,057)	(512,202)	(3,272)	(290,006)	(981,992)	(375,020)	(606,880)	(279,152)	253,130	327,770
Other Financing Sources/(Uses)										
Process from Borrowing				2,682,000						
Transfers In	42,487	74,503	1,107	37,085	37,085	26,039				
Transfers (Out)	(42,487)	(74,503)	(1,107)	(29,394)	(37,085)	(26,039)				
				2,682,000						
Net Change in Fund Balances	\$ (2,036,057)	\$ (512,202)	\$ (3,272)	\$ 2,391,994	\$ (981,992)	\$ (375,020)	\$ (606,880)	\$ (279,152)	\$ 253,130	\$ 327,770
Debt Service as a Percentage of Noncapital Expenditures	7.68%	7.21%	6.85%	6.19%	6.43%	7.12%	7.57%	7.63%	7.37%	7.34%

Source: School District's Financial Statements

HAWORTH BOROUGH SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

J-5

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund:										
Rentals	\$ 80	\$ 40	\$ 40	\$ 120	\$ 40	\$	\$ 30,000	\$ -	\$ 1,125	\$ 1,108
Interest on Investments				35,886	21,057	34,418	31,339	1,530	6,544	7,327
Prior Year Refunds			18,325	10,121	7,921	8,012	66,763	36,872	1,489	6,263
Miscellaneous Other	895	2,294								
Total Miscellaneous	975	2,334	18,365	46,127	29,018	42,429	128,102	38,402	9,158	14,698
Tuition	71,100	118,360	193,600	218,787	177,484	115,637	82,075	45,277	-	-
Total Other Local Revenue	<u>\$ 72,075</u>	<u>\$ 120,694</u>	<u>\$ 211,965</u>	<u>\$ 264,914</u>	<u>\$ 206,502</u>	<u>\$ 158,066</u>	<u>\$ 210,177</u>	<u>\$ 83,679</u>	<u>\$ 9,158</u>	<u>\$ 14,698</u>

Source: District Records

REVENUE CAPACITY

HAWORTH BOROUGH SCHOOL DISTRICT
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
Unaudited

J-6

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Public Utilities</u>	<u>Net Valuation Taxable</u>	<u>Estimated Actual (County Equalized) Value</u>	<u>Total Direct School Tax Rate</u>
2001	\$ 8,547,700	\$ 352,832,100	\$ 40,816,600	\$ -	\$ -	\$ 402,196,400	\$ 281,023	\$ 402,477,423	\$ 514,350,936	\$ 1.22
2002	9,122,900	356,028,600	40,766,600	-	-	405,918,100	255,811	406,173,911	591,798,141	1.25
2003	8,461,800	360,367,600	41,176,600	-	-	410,006,000	264,542	410,270,542	588,017,834	1.36
2004	15,007,200	637,619,300	76,770,900	-	-	729,397,400	357,045	729,754,445	729,754,445	0.85
2005	15,935,000	640,147,700	76,656,600	-	-	732,739,300	336,767	733,076,067	735,362,403	0.88
2006	16,967,500	646,633,500	78,821,500	-	-	742,422,500	278,855	742,701,355	840,700,374	0.90
2007	17,828,700	654,232,100	78,365,500	-	-	750,426,300	260,467	750,686,767	926,452,222	0.919
2008	16,021,000	669,141,100	78,365,500	-	-	763,527,800	261,858	763,789,658	983,927,577	0.940
2009	14,785,400	681,880,900	98,935,300	-	-	795,601,600	810,227	796,411,827	1,054,551,126	0.981
2010	14,816,600	677,484,000	78,483,600	-	-	770,784,200	323,307	771,107,507	998,534,689	0.962

Source: Municipal Tax Assessor

* Information Not Available

**HAWORTH BOROUGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING TAX RATES
LAST TEN FISCAL YEARS
*Unaudited***

J-7

<u>Year</u>	<u>Basic Rate</u>	<u>School District Direct Rate</u>		<u>Regional School Tax Rate</u>	<u>Overlapping Rates</u>		<u>Total Direct and Overlapping Tax Rate</u>
		<u>General Obligation Debt Service</u>	<u>Total Direct School Tax Rate</u>		<u>Borough of Haworth</u>	<u>Bergen County</u>	
2001	\$ 1.13	\$ 0.09	\$ 1.22	\$	\$ 0.83	\$ 0.29	\$ 2.34
2002	1.19	0.06	1.25		0.82	0.32	2.39
2003	1.30	0.06	1.36		0.87	0.31	2.54
2004	0.80	0.05	0.85		0.52	0.19	1.56
2005	0.82	0.06	0.88		0.56	0.20	1.64
2006	0.84	0.06	0.90		0.61	0.20	2.21
2007	0.849	0.070	0.919	0.507	0.642	2.220	4.288
2008	0.870	0.070	0.940	0.528	0.681	2.390	4.539
2009	0.891	0.071	0.962	0.502	0.681	0.249	2.394
2010	0.908	0.073	0.981	0.518	0.687	0.261	2.447

Source: Municipal Tax Collector

HAWORTH BOROUGH SCHOOL DISTRICT
 SCHEDULE OF PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO
Unaudited

J-8

2011		2002	
Assessed Valuation <u>2009</u>	As a % of District's Net Assessed Valuation <u>Taxable</u>	Assessed Valuation <u>2000</u>	As a % of District's Net Assessed Valuation <u>Taxable</u>
*	*	*	*

Source: Municipal Tax Assessor

*Data not provided by School District.

HAWORTH BOROUGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
Unaudited

J-9

Fiscal Year Ended <u>June 30,</u>	Taxes Levied for the <u>Fiscal Year</u>	Collected Within the Fiscal Year of the Levy		Collected in Subsequent <u>Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2002	\$ 4,962,880	\$ 4,962,880	100.00%	\$
2003	5,140,606	5,140,606	100.00%	
2004	6,045,972	6,045,972	100.00%	
2005	6,288,886	6,288,886	100.00%	
2006	6,671,296	6,671,296	100.00%	
2007	6,902,290	6,902,290	100.00%	
2008	7,065,619	7,065,619	100.00%	
2009	7,413,793	7,413,793	100.00%	
2010	7,574,399	7,574,399	100.00%	
2011	8,008,569	8,008,569	100.00%	

Source: District Records.

DEBT CAPACITY

HAWORTH BOROUGH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
Unaudited

J-10

Fiscal Year Ended June 30,	Governmental Activities					Business-Type Activities Capital Leases	Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes	School Facilities Loans				
2002	\$ 3,000,975.00	\$	\$	\$	\$ 689,593.55	\$	\$ 3,690,568.55	2.11%	\$ 10,838.66
2003	3,000,800.00				641,287.76		3,642,087.76	2.13%	1,068.37
2004	3,000,625.00			800,000.00	591,570.42		4,392,195.42	2.42%	1,286.15
2005	6,000,132.00				540,404.58		6,540,536.58	*	1,915.80
2006	5,932,000.00				487,736.49		6,419,736.49	*	*
2007	5,607,000.00				433,418.47		6,040,418.47	*	*
2008	5,257,000.00				377,385.73		5,634,385.73	*	*
2009	4,852,000.00				319,536.60		5,171,536.60	*	*
2010	4,452,000.00				259,843.14		4,711,843.14	*	*
2011	4,077,000.00				198,163.51		4,275,163.51	*	*

Source: District Records

*Data Not Provided.

**HAWORTH BOROUGH SCHOOL DISTRICT
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED**

J-11

<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2002	\$3,000,975		\$3,000,975	0.74%	\$ 881.34
2003	3,000,800		3,000,800	0.73%	880.26
2004	3,000,625		3,000,625	0.41%	878.66
2005	6,000,132		6,000,132	0.82%	1,757.51
2006	5,932,000		5,932,000	0.80%	N/A
2007	5,607,000		5,607,000	0.75%	N/A
2008	5,257,000		5,257,000	N/A	N/A
2009	4,852,000		4,852,000	N/A	N/A
2010	4,452,000		4,452,000	N/A	N/A
2011	4,077,000		4,077,000	N/A	N/A

Source: Assessed Valuations were provided by the Abstract of Ratables, County Board of Taxation. School District population data was provided by School District officials.

*Revaluation effective 2005.

HAWORTH BOROUGH SCHOOL DISTRICT
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 FOR FISCAL YEAR ENDED December 31, 2010
Unaudited

J-12

	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<u>Governmental Unit</u>			
Debt Repaid with Property Taxes:			
Borough of Haworth	\$ 7,128,492.00	100%	\$ 7,118,492.00
Bergen County General Obligation Debt	674,282,557.00	0.575%	3,876,873.00
Bergen County Utilities Authority	268,704,631.00	0.585%	1,571,284.00
Sub-Total			12,566,649.00
Borough of Haworth Direct Debt			<u>4,475,163.53</u>
Total Direct and Overlapping Debt as of December 31, 2010			<u><u>\$17,041,812.53</u></u>

Sources:

(1) Borough of Haworth Chief Financial Officer and December 31, 2010 Annual Debt Statement.

* Information Unavailable

HAWORTH BOROUGH SCHOOL DISTRICT
 COMPUTATION OF LEGAL DEBT MARGIN
 LAST TEN FISCAL YEARS
Unaudited

J-13

Legal Debt Margin Calculation for Fiscal Year 2010

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 14,598,926	\$ 15,956,663	\$ 17,567,488	\$ 19,529,834	\$ 22,017,568	\$ 24,770,922	\$ 27,133,506	\$ 28,713,614	\$ 29,746,160	\$ 30,524,912
Total Net Debt Applicable to Limit	4,684,594	4,441,288	4,216,570	6,672,405	6,419,736	6,040,418	5,634,386	5,171,537	4,711,843	4,475,164
Legal Debt Margin	\$ 9,934,332	\$ 11,515,375	\$ 13,350,918	\$ 12,857,429	\$ 15,597,832	\$ 18,730,504	\$ 21,499,120	\$ 23,542,077	\$ 25,034,317	\$ 26,049,748
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	30.31%	31.95%	27.83%	24.00%	34.17%	29.16%	20.77%	18.01%	15.84%	14.66%

	2010	2009	2008
Average Equalized Valuation of Taxable Property	\$ 1,044,919,359	\$ 1,019,825,615	\$ 987,746,184
Debt Limit (3% of Average Equalization Value) Net Bonded School Debt	\$ 30,524,912	\$ 30,524,912	\$ 29,746,160
Legal Debt Margin	\$ 26,049,748	\$ 26,049,748	\$ 26,049,748

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

(a) Limit set by N.J.S.A. 18A:24-19 for a K through 8 District; other % limits would be applicable for other Districts.

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

J-14

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2002	3,405	\$ 174,931,875	\$51,375	3.8%
2003	3,409	171,199,980	50,220	3.7%
2004	3,415	181,442,365	53,131	3.0%
2005	3,414	*	*	3.5%
2006	*	*	*	*
2007	*	*	*	*
2008	*	*	*	*
2009	*	*	*	*
2010	*	*	*	*
2011	*	*	*	*

Source:

Population information provided by the NJ Department of Labor and Workforce Development

Personal Income and Per Capita Personal Income provided from District Records

Unemployment data provided by the NJ Department of Labor and Workforce Development

*Data was not provided by the School District

HAWORTH BOROUGH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
Unaudited

J-15

	2011		2001	
<u>Employer</u>	<u>Employees</u>	Percentage of Total Municipal <u>Employment</u>	<u>Employees</u>	Percentage of Total Municipal <u>Employment</u>

Information not provided by Borough

OPERATING INFORMATION

HAWORTH BOROUGH SCHOOL DISTRICT
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST SIX FISCAL YEARS
Unaudited

J-16

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction						
Regular	42	42	43.5	43.5	45	48
Classroom Aides	8	12	12	12	12	10
Support Services:						
Health Services	1	1	1	1	1	1
General Administration	5	6	6.75	6.75		3
Guidance - Professional/Support	1	1	1	1	0.5	1
Child Study Team/Support	3	6	4.9	4.9	6.0	4
Plant Operations and Maintenance	4	6	5.6	5.6	1.0	1
Media Services Technology	2	2	2	2	2	2
Principals/School Administration	1	3	2	2	2	2
Total	<u>67</u>	<u>79</u>	<u>78.75</u>	<u>78.75</u>	<u>69.50</u>	<u>72</u>

Data for years prior to 2004 was not provided by School District.

Source: District Personnel Records

HAWORTH BOROUGH SCHOOL DISTRICT
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
Unaudited

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio Elementary	Average Daily Enrollment	Average Daily Attendance	% Change in Average Daily Enrollment	Student Attendance Percentage
2002	469	\$ 5,323,717	\$ 11,351.21	.08%	42	11.2:1	465.1	446.1	2.17%	95.91%
2003	489	5,901,275	12,068.05	6.32%	45	10.9:1	489	473	5.14%	96.73%
2004	516	6,537,144	12,668.88	4.98%	46	11.2:1	515.3	492.2	5.38%	95.50%
2005	523	6,625,092	12,667.48	(.01%)	53	9.8:1	522.4	499.2	1.38%	95.56%
2006	545	7,033,806	12,906.07	1.88%	57	9.6:1	557.9	546	6.8%	97.87%
2007	530	7,484,739	14,122.15	9.42%	58	9.1:1	525.3	505	(5.8%)	94.76%
2008	495	7,973,764	16,108.61	14.06%	56	8.8:1	517.7	488.6	(3.3%)	94.38%
2009	506	7,914,712	15,641.72	(2.89%)	56	8.8:1	505.7	480.8	(2.31%)	95.07%
2010	485	7,674,035	15,822.76	1.17%	45	10.8:1	487.0	466.0	(3.07%)	95.68%
2011	486	7,709,349	15,862.86	0.25%	48	10.1:1	486.0	466.0	(2.05%)	95.88%

Source: District Records

HAWORTH BOROUGH SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS
Unaudited

J-18

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>District Building</u>										
<u>Elementary/Middle</u>										
Haworth School:										
Square Feet	59,688	59,688	59,688	59,688	59,688	59,688	75,230	75,230	75,230	75,230
Capacity (Students)	541	541	541	541	541	541	544	544	544	544
Enrollment	469	489	516	523	545	528	495	506	485	478

Other
 Elementary = 1

Source: District Facilities Office

HAWORTH BOROUGH SCHOOL DISTRICT
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST EIGHT FISCAL YEARS
 UNAUDITED

J-19

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

<u>School Facilities*</u>	<u>Project #(s)</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Building A	N/A	\$ 100,396.38	\$ 64,998.04	\$ 71,204.46	\$ 129,509.00	\$ 135,579.59	\$ 117,885.40	\$ 112,366.33	\$ 107,107.36

* School facilities as defined under EFCFA.
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

HAWORTH BOROUGH SCHOOL DISTRICT
 INSURANCE SCHEDULE
 JUNE 30, 2011
 Unaudited

J-20

	<u>Coverage</u>	<u>Deductible</u>
Package Policy - Selective Insurance Company		
Property	\$ 15,098,632	\$ 5,000
Flood and Earthquake	5,000,000	50,000
Flood - within Special Flood Hazard Area Zones B Zones A and V	1,000,000	500,000
Extra Expense	5,000,000	
Automobile Coverage	1,000,000	1,000
Comprehensive General Liability	2,000,000	
Crime (Non-Statutory Bonds)		
Per Employee	100,000	5,000
Blanket Employee Dishonesty Forgery or Alteration	400,000	1,000
	50,000	
Boiler and Machinery	250,000	5,000
Environmental	1,000,000	15,000
	20,000,000	Group Aggregate
Compulsory Student Accident - Maksin Group National Union	1,000,000	
Voluntary Student Accident (excluding football) - Bollinger/Monumental Life	500,000	
Voluntary Dental Accident - Bollinger/Monumental Life	5,000	
Volunteer Accident Policy - Maksin Group National Union	250,000	

Public Official Bonds - Selective Insurance Company:

<u>Name</u>	<u>Position</u>	
Rebecca Overgaard	Treasurer of School Moneys	175,000
Patricia DeRiso	Business Administrator	175,000

Source: District Records

SINGLE AUDIT SECTION

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**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
Haworth Borough School District
County of Bergen
Haworth, New Jersey 07641

We have audited the financial statements of the Board of Education of the Haworth Borough School District, in the County of Bergen, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated December 6, 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 and Regulatory Compliance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Haworth Borough 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 Haworth Borough Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Haworth Borough Board of Education's internal control over financial reporting.

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

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

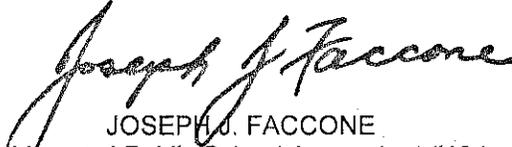
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Haworth Borough School 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 several 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 and Regulatory Compliance, Department of Education, State of New Jersey.

We noted no matters that we reported to the Board of Education of the Haworth Borough School District in a separate report entitled *Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* dated December 6, 2011.

This report is intended solely for the information and use of the audit committee, management, the Haworth Borough 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.


JOSEPH J. FACCONO
Licensed Public School Accountant #194


SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey
December 6, 2011

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND STATE OF NEW JERSEY OMB CIRCULAR 04-04**

The Honorable President and Members
of the Board of Education
Haworth Borough School District
County of Bergen
Haworth, New Jersey 07641

Compliance

We have audited the compliance of the Board of Education of the Haworth Borough School District in the County of Bergen, State of New Jersey, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major state programs for the fiscal year ended June 30, 2011. Haworth Borough Board of Education's major state programs are identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Haworth Borough Board of Education's management. Our responsibility is to express an opinion on the Haworth Borough Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04 require that 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 state program occurred. An audit includes examining, on a test basis, evidence about the Haworth Borough Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Haworth Borough Board of Education's compliance with those requirements.

In our opinion, the Board of Education of the Haworth Borough School District, in the County of Bergen, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2011.

Internal Control Over Compliance

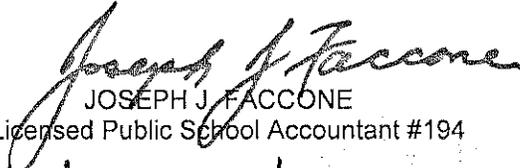
The management of the Board of Education of the Haworth Borough School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered the Haworth Borough Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Haworth Board of Education's internal control over compliance.

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

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

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

This report is intended solely for the information and use of the audit committee, management, the Haworth Borough 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.


JOSEPH J. FACCONI
Licensed Public School Accountant #194


SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey
December 6, 2011

HAWORTH BOROUGH SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grant/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2010		Carryover Amount	Cash Received	Budgetary Expenditures	Prior Years Balances	Adjustments	Balance at June 30, 2011		MEMO		
			From	To	(Accounts Receivable)	Deferred Revenue						(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:																
General Fund:																
Extraordinary Aid	10-495-034-5120-473	\$ 4,840.00	7/1/2009	6/30/2010	\$ (4,840.00)	\$	\$ 4,840.00	\$ -	\$ 7,592.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,592.00
Extraordinary Aid	11-495-034-5120-473	7,592.00	7/1/2010	6/30/2011					5,774.00							5,774.00
Special Education Aid	11-495-034-5120-089	5,774.00	7/1/2010	6/30/2011	(2,670.00)		2,670.00		5,774.00							5,774.00
Nonpublic Transportation Aid	10-100-034-5120-088	2,670.00	7/1/2009	6/30/2010												
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	271,836.81	7/1/2010	6/30/2011			271,836.81		271,836.81							271,836.81
On-Behalf TPAF Pension Contributions	11-495-034-5095-116	11,437.00	7/1/2010	6/30/2011			11,437.00		11,437.00							11,437.00
On-Behalf Pst-Retirement Medical	11-495-034-5095-116	242,915.00	7/1/2010	6/30/2011			242,915.00		242,915.00							242,915.00
Total General Fund					(7,510.00)		639,472.81		539,554.81			(7,592.00)				539,554.81
Debt Service Fund:																
Debt Service Aid Type II	11-495-034-5120-125	65,134.00	7/1/2010	6/30/2011			65,134.00		65,134.00							65,134.00
Total State Financial Assistance					(7,510.00)		\$ 604,606.81		\$ 604,698.81			\$ (7,592.00)				\$ 604,698.81

See accompanying notes to schedules of expenditures of awards and financial assistance.

HAWORTH BOROUGH 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 Awards and State Financial Assistance included the activity of all federal awards and state financial assistance programs of the Board of Education, Haworth Borough School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the Schedule of Federal Awards and State Financial Assistance.

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on 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 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133 Audits of States, Local Grants and Non-Profit Organizations and New Jersey OMB 04-04. Therefore, some amounts presented in this schedule 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 Fund and Special Revenue Fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the General Fund and Special Revenue Fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The General Fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last two (2) state aid payments in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The Special Revenue Fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$32,815.00 for the general fund and none for the Special Revenue Fund. See Exhibit "C-3" (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 572,369.81	\$ 572,369.81
Special Revenue Fund	153,344.00		153,344.00
Debt Service Fund		65,134.00	65,134.00
	<u>153,344.00</u>	<u>65,134.00</u>	<u>218,478.00</u>
Total Financial Assistance	<u>\$ 153,344.00</u>	<u>\$ 637,503.81</u>	<u>\$ 790,847.81</u>

HAWORTH BOROUGH SCHOOL DISTRICT

NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE

JUNE 30, 2011
(Continued)

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

Haworth Borough School District had the following loan balances outstanding at June 30, 2011:

<u>Loan Program Title</u>	<u>State Number</u>	<u>Amount Outstanding</u>
N.J. Economic Development Authority - Safe Loan	214-93	\$ 39,276.29
N.J. Economic Development Authority - Small Loan	214-93	<u>158,887.22</u>
		<u>\$ 198,163.51</u>

6. OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the state on-behalf of the District for the year ended June 30, 2011. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified, Dated
December 6, 2011

Internal control over financial reporting:

- | | | | | |
|--|-----|-----|------------------|---------------|
| 1) Material weakness(es) identified? | ___ | Yes | ___ <u>√</u> ___ | No |
| 2) Significant deficiencies identified not considered to be material weaknesses? | ___ | Yes | ___ <u>√</u> ___ | None Reported |

Noncompliance material to financial statements noted?	___	Yes	___ <u>√</u> ___	No
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Federal Awards - N/A

State Awards

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000.00
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Auditee qualified as low-risk auditee?	___ <u>√</u> ___	Yes	___	No
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Type of auditor's report issued on compliance for major programs:	<u>Unqualified, Dated December 6, 2011</u>
---	--

Internal control over major program:

- | | | | | |
|--|-----|-----|------------------|---------------|
| 1) Material weakness(es) identified? | ___ | Yes | ___ <u>√</u> ___ | No |
| 2) Significant deficiencies identified not considered to be material weaknesses? | ___ | Yes | ___ <u>√</u> ___ | None Reported |

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04?	___	Yes	___ <u>√</u> ___	No
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Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
N/A	N/A

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000.00
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Auditee qualified as low-risk auditee?	___ <u>√</u> ___	Yes	___	No
--	------------------	-----	-----	----

**HAWORTH BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011
(Continued)**

Section II - Financial Statement Findings

NONE

Section III - State Award Findings and Questioned Costs

NONE

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

Status of Prior Year Findings

NONE

