

**SCHOOL DISTRICT OF  
MEDFORD LAKES BOROUGH**

MEDFORD LAKES BOARD OF EDUCATION  
Medford Lakes, New Jersey  
County of Burlington

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION**

**MEDFORD LAKES, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Prepared by**

**Medford Lakes Borough Board of Education  
Finance Department**



## OUTLINE OF CAFR – GASB 34

	PAGE
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1
Organizational Chart	7
Roster of Officials	8
Consultants and Advisors	9
<b>FINANCIAL SECTION</b>	
Independent Auditor’s Report	11

### REQUIRED SUPPLEMENTARY INFORMATION – PART I

Management’s Discussion and Analysis	13
--------------------------------------	----

### BASIC FINANCIAL STATEMENTS

A. District-wide Financial Statements:	
A-1 Statement of Net Assets	22
A-2 Statement of Activities	23
B. Fund Financial Statements:	
B-1 Balance Sheet	25
B-2 Statement of Revenues, Expenditures & Changes in Fund Balances	26
B-3 Reconciliation of the Statement of Revenues, Expenditures & Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Proprietary Funds:	
B-4 Statement of Net Assets	28
B-5 Statement of Revenues, Expenditures & Changes in Fund Net Assets	29
B-6 Statement of Cash Flows	30
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	31
B-8 Statement of Changes in Fiduciary Net Assets	32
Notes to Financial Statements	33

### REQUIRED SUPPLEMENTARY INFORMATION – PART II

C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	55
C-1a Combining Schedule of Revenues, Expenditures & Changes in Fund Balance - Budget & Actual	N/A
C-1b American Recovery & Reinvestment Act – Budget & Actual	66
C-1c Education Jobs Fund Program – Budget & Actual	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	67

(continued)

**OUTLINE OF CAFR – GASB 34 (continued):**

	<b>PAGE</b>
Notes to the Required Supplementary Information	
C-3 Budget-to-GAAP Reconciliation	68
<b>D. School Based Budget Schedules:</b>	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
<b>E. Special Revenue Fund:</b>	
E-1 Combining Schedule of Revenues & Expenditures Special Revenue Fund – Budgetary Basis	69
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
<b>F. Capital Projects Fund:</b>	
F-1 Summary Statement of Project Expenditures Fund Balance – Budgetary Basis	70
F-2 Schedule of Revenues, Expenditures Project Balance & Project Status – Project Status – Addition & Renovations to Neeta Elementary School	71
F-2a Schedule of Revenues, Expenditures Project Balance & Project Status – Nokomis Elementary School HVAC Replacement	72
F-2b Schedule of Revenues, Expenditures Project Balance & Project Status – Neeta Elementary School HVAC Repair & Replacement	73
<b>G. Proprietary Funds:</b>	
Enterprise Fund:	
G-1 Combining Schedule of Net Assets	74
G-2 Combining Schedule of Revenues, Expenses & Changes in in Fund Net Assets	75
G-3 Combining Schedule of Cash Flows	76
Internal Service Fund –	
G-4 Combining Schedule of Net Assets	N/A
G-5 Combining Schedule of Revenues, Expenses & Changes in Fund Net Assets	N/A
G-6 Combining Schedule of Cash Flows	N/A
<b>H. Fiduciary Funds:</b>	
H-1 Combining Statement of Fiduciary Net Assets	77
H-2 Combining Statement of Changes in Fiduciary Net Assets	78
H-3 Student Activity Agency Fund Schedule of Receipts & Disbursements	79
H-4 Payroll Agency Fund Schedule of Receipts & Disbursements	79
<b>I. Long-Term Debt:</b>	
I-1 Schedule of Serial Bonds	80
I-2 Schedule of Obligations Under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Statement	81

(continued)

**OUTLINE OF CAFR – GASB 34 (continued):**

**PAGE**

**STATISTICAL SECTION (unaudited)**

**Financial Trends:**

J-1	Net Assets by Component	82
J-2	Changes in Net Assets	83
J-3	Fund Balances – Governmental Funds	86
J-4	Changes in Fund Balances – Governmental Funds	87
J-5	General Fund Other Local Revenue by Source	88

**Revenue Capacity:**

J-6	Assessed Value & Estimated Actual Value of Taxable Property	89
J-7	Direct & Overlapping Property Tax Rates	90
J-8	Principal Property Taxpayers	91
J-9	Property Tax Levies & Collections	92

**Debt Capacity:**

J-10	Ratios of Outstanding Debt by Type	92
J-11	Ratios of General Bonded Debt Outstanding	93
J-12	Direct & Overlapping Governmental Activities Debt	93
J-13	Legal Debt Margin Information	94

**Demographic & Economic Information:**

J-14	Demographic & Economic Statistics	95
J-15	Principal Employers	95

**Operating Information:**

J-16	Full-Time Equivalent District Employees by Function/Program	N/A
J-17	Operating Statistics	96
J-18	School Building Information	97
J-19	Schedule of Required Maintenance	98
J-20	Insurance Schedule	98

**K SINGLE AUDIT SECTION**

K-1	Report on Compliance and on Internal Control Over Financial Reporting and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	99
K-2	Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	101
K-3	Schedule of Expenditures of Federal Awards, Schedule A (Additional Information)	103
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	103
K-5	Notes to Schedules of Awards and Financial Assistance	104
K-6	Schedule of Findings and Questioned Costs	106
K-7	Summary Schedule of Prior Audit Findings	108

(concluded)



**INTRODUCTORY SECTION**



**Medford Lakes Board of Education  
135 Mudjekeewis Trail  
Medford Lakes, NJ 08055**

---

Dr. James J. Lynch, Superintendent  
Ms. Karen Gfroehrer, Business Administrator  
Mrs. Carole Ramage, Principal

Telephone (609) 654-0991  
Fax (609) 654-7629  
[www.medford-lakes.k12.nj.us](http://www.medford-lakes.k12.nj.us)

October 21, 2011

Honorable President and  
Members of the Board of Education  
Medford Lakes Borough School District  
County of Burlington  
Medford Lakes, NJ 08055

Dear Board Members:

The comprehensive annual financial report of the Medford Lakes Borough School District (District) for the fiscal year ended June 30, 2011 is hereby submitted. Responsibility for both the accuracy of the data and completeness, and fairness of the representation, 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 the transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes Management's Discussion and Analysis, basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Government and Non-Profit Organizations", and the state Treasury Circular Letter 04-04, "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 compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133, are included in the single audit section of this report.

- 1) **Reporting Entity and Its Services:** Medford Lakes Borough School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Medford Lakes Borough Board of Education and its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, as well as special education for handicapped youngsters. The District's average daily enrollment of 544 students is 15 less students than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years:

AVERAGE DAILY ENROLLMENT

<u>Fiscal Year</u>	<u>Student Enrollment</u>
2006/2007	533
2007/2008	534
2008/2009	552
2009/2010	559
2010/2011	544

The District is a constituent member of the Lenape Regional High School District. The District's students in grades 9 through 12 attend Shawnee High School located in Medford, New Jersey.

**2) Economic Condition And Outlook:**

Medford Lakes is 1.2 square miles of rustic beauty in Burlington County, NJ. Part of the Pinelands Preservation area, there are 22 lakes within this small area and hundreds of lakefront and lake view properties. Of the 1500 homes in Medford Lakes, over 150 are log cabins, giving Medford Lakes the highest concentration of log cabins in the world.

The Borough of Medford Lakes is experiencing a period of minimal development and little expansion that is expected to continue. The borough is also experiencing a period of moderate housing sales. The state and national economy are reflected in the employment base of the area.

The Borough is 99% residential. Commercial ratables are few and residential taxpayers carry the burden of paying for services. The Borough's tax rate is \$2.757 per \$100 of assessed property value (figures and statistics from 2010). The School District spending ratio shows that 79% of the revenue comes from local sources while only 14% of the revenue comes from state sources. The District's total revenue from state sources decreased by 16.5% over last year's level, and has not kept pace with increasing costs to operate the District. State policies concerning school-funding levels continue to exert upward pressure on property taxes in the District. Over 50% of all state funding goes to approximately thirty school districts leaving most suburban school districts at "flat" funding levels at best. Currently various pieces of legislation along with Commissioner regulations are impeding local control and creating various funding hurdles while the state continues to promise to come up with a better funding equation to assist school districts. To date this has not occurred.

**3) Major Initiatives**

**Educational:** The Medford Lakes School District provides a full range of educational services appropriate to grade levels PK through 8 and as outlined in the New Jersey Core Curriculum Content areas. These include an integrated pre-school program for three and four year old handicapped children, a four-hour kindergarten program, computer assisted instruction the classroom as well as in the Library/Media Center, a Gifted and Talented program, special education programs for identified students, and a variety of extra-curricular clubs and sports activities. The goal of the Medford Lakes School District is to provide all children with a curriculum that includes a balance of enriching programs, skill development, and support systems. The goal of the instructional model is to create an

environment for students to enjoy the process of learning while acquiring the skills necessary for a lifetime of continuous learning.

The Medford Lakes curriculum is aligned with the New Jersey Core Curriculum Content Standards. At the Nokomis Pre-K-2 School, a strong emphasis is placed on literacy and mathematics. Students in grades K-2 are also provided instruction in art, music, library, physical education and technology literacy. In addition, grades 1 and 2 also receive instruction in world languages. The Neeta School houses grades 3-8. Students are exposed to a multifaceted well-balanced curriculum that prepares them for the requirements of New Jersey State Assessment of Skills and Knowledge. In addition to their core subjects and specials, students at the middle school receive instruction in character education, world languages, and other special areas. Additionally, all students in grades 3-8 receive instruction in a variety of special subject areas, including art, music, physical education, technology education, Spanish, and library. The district also provides for the "inclusion" of our special needs students in all our classrooms.

Students in grades K-5 are evaluated throughout the school year utilizing several assessments including the following: DRA2 (Diagnostic Reading Assessment), district writing prompts, and various publisher developed mid-year and end-of-year assessments. Students in grades K-5 are assessed twice a year using the DRA2 to determine their individual reading ability. Results of these individual assessments are used by classroom teachers to place students in small guided reading groups that focus on identified skills to improve individual reading performance. Students in grades two through eight are administered an "on demand" writing prompt twice a year (fall and spring) using district developed writing prompts. A mid-year and end-of year math assessment is administered to all students in grades 3-8. Students in grades one and two are assessed at the end of the year using an end-of-year assessment in the content area of math. Students in grades 3-8 participate in state testing using the New Jersey Assessment of Skills and Knowledge. The results of these assessments are analyzed by classroom teachers and district personnel to determine the students' strengths and weaknesses as well as patterns within grade levels/classrooms. The data is utilized to make adjustments to curriculum/pacing, to plan professional development, and to set district instructional goals and objectives. Based on analyzed data Medford Lakes continues to fall within the category of a high performing school district and is proud of its students and staff.

During the school 2010-2011 year, the District and No Child Left Behind (NCLB) goals addressed areas of the New Jersey Core Curriculum Content Standards and the school district obtained annual yearly progress (AYP). All State approved District Goals were met and included the following:

- Students in grades 1-5 receive reading instruction delivered via a guided reading model; this model allows teachers to individualize reading instruction
- Math teachers in grades 6-8 continue to fine tune instruction to meet the needs of students that struggle to master basic math facts as well as higher level math problem solving
- The district formally adopted the Olweus Bullying Prevention Program and all staff are working with students to implement the responses to bullying and/or bully-like behavior through morning meeting sessions that help to develop a strong sense of community and support for peers.

The 2009-2010 No Child Left Behind (NCLB) goals focused on both academic and social skills.

The goals were as follows:

- Professional development in methods of teaching children with special and diverse learning needs for classroom teachers

- Provide teachers and instructional staff the knowledge and skills to provide instruction and academic support for all learners

An analysis of the data for these goals was positive. There was participation and growth in all areas. Goals in the upcoming year will continue to focus on the academic and social needs of the students and professional development of the staff.

**District Information:** The overall responsibility for the education of the PK-8 children lies with the District's Board of Education. The Board is a Type II Board of Education, elected yearly. The New Jersey Department of Education classifies the Medford Lakes School District as District Factor I. The District Factor Group is based on socio-economic status from A-J, with A being the lowest. The School District's budget failed in April of 2010 and was later approved by the Medford Lakes Borough Council with further reductions to appropriations creating an operating budget in the amount of \$6,423,553. The District's management team is comprised of a Superintendent, a Business Administrator/Board of Education Secretary, Principal, Director of Pupil Services and Supervisor of Buildings and Grounds. The District employs 55 professional staff members and 95 total employees who include secretaries, clerks, and full-time and part-time support staff personnel.

The District was successfully monitored during November 2008 by the State of New Jersey pursuant to N.J.S.A. 18A:7A-1 et seq., and N.J.A.C. 6A:30 et seq. This resulted in certification for a period of seven years. The District is certified until February 1, 2010. The monitoring process included a review of financial and curriculum data, interviews of staff members, inspection of facilities, and visits to the District's schools. As part of the NJ Quality Single Accountability Continuum (QSAC), the Medford Lakes School District is declared as a "high performing school district."

The District's Long-Range Facility Plan was submitted in July 2009 and is approved by the State of New Jersey Department of Education. This plan is a requirement of the Educational Facilities Construction and Financing Act, P.L. 2000, c.72, N.J.A.C. 6A:26-1.1 and the Facilities Efficiency Standards.

The District completed a major facility renovation program during the 2003-2004 school year. Renovations and upgrades were made to both District school buildings. The addition of a new multi-purpose room was also made to the Neeta School. The District has just completed the process of installing solar panels at Neeta School as part of a solar power purchase agreement. This project also included the installation of a new roof. In addition, new HVAC air conditioning systems were installed in two computer labs and replacement HVAC units were installed on the Neeta School APR.

The Medford Lakes School District receives additional financial support from community organizations. They include the Home and School Association, The Medford Lakes Education Foundation and the Athletic and Band Booster Clubs. These organizations provide the funds for many of our enriching programs and extracurricular activities.

- 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.

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 these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as 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 principals, as 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.

- 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.

- 8) **Debt Administration:** At June 30, 2011 the District's outstanding debt issues included \$3,835,000 of general obligation bonds.

- 9) **Cash Management:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", 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 Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

- 10) **Risk Management:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The District is a member of the Burlington County

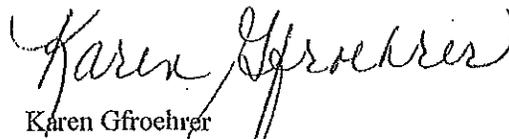
Insurance Pool Joint Insurance Fund. Twenty-four school districts from Burlington, Gloucester, Camden and Mercer counties participate in this insurance pool. In addition, the District is also a member of the South Jersey Health Insurance Fund providing medical benefits for the staff.

- 11) **Information:** State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman & Frenia, P.C. was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirement of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04. The auditor's report on the basic financial statements and individual fund 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.
  
- 12) **Acknowledgements:** We would like to express our appreciation to the members of the Medford Lakes Borough Board of Education for their continued support and high standards in providing fiscal accountability to the citizens and taxpayers of the Medford Lakes School District. The Board is also recognized for its vision and dedication to provide the highest quality education for its students. We express our appreciation for their dedication to the development and maintenance of the District's educational and financial operations. It must be noted that the preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff. Their efforts are therefore acknowledged and greatly appreciated.

Respectively submitted,



James J. Lynch, Ed.D.  
Superintendent

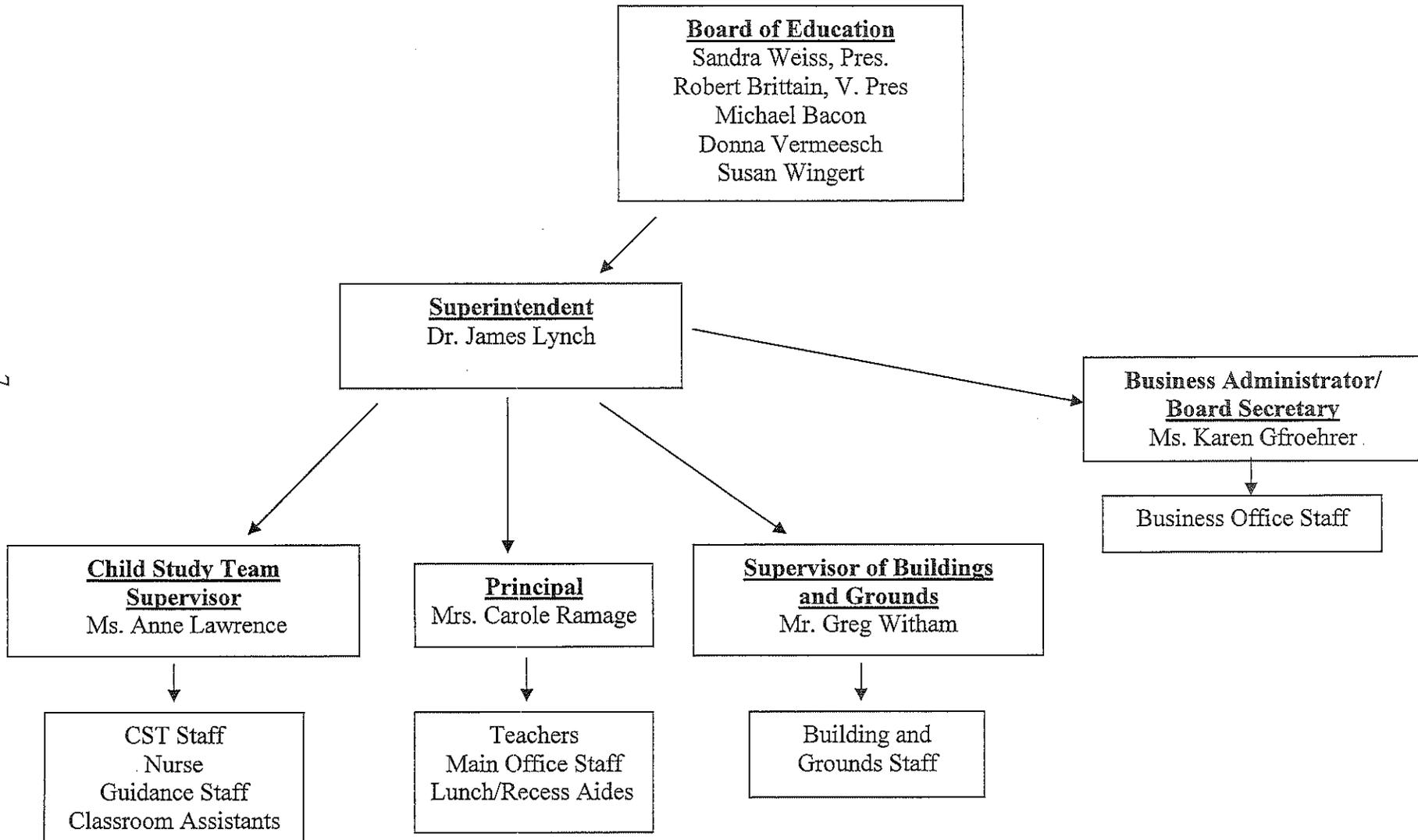


Karen Gfroehrer  
Business Administrator/Board Secretary

# MEDFORD LAKES SCHOOLS

## Organizational Chart

### 2010-2011





**MEDFORD LAKES BOARD OF EDUCATION  
135 MUDJEKEEWIS TRAIL  
MEDFORD LAKES, NEW JERSEY 08055**

**ROSTER OF OFFICIALS  
JUNE 30, 2011**

<b>MEMBERS OF THE BOARD OF EDUCATION</b>	<b>TERM EXPIRES</b>
Sandra Weiss, President	2014
Robert Brittain, Vice President	2014
Michael A. Bacon	2012
Donna Vermeesch	2012
Susan Wingert	2013

**OTHER OFFICIALS**

Dr. James Lynch, Superintendent

Karen Gfroehrer, Business Administrator/Board Secretary

Carole Ramage, Principal

Mary E. Bakey, Treasurer

Frank P. Cavallo, Jr., Esq., Solicitor

**MEDFORD LAKES BOARD OF EDUCATION**  
135 MUDJEKEEWIS TRAIL  
MEDFORD LAKES, NEW JERSEY 08055

**CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

Holman & Frenia, P. C.  
Medford, New Jersey

**SOLICITOR**

Parker, McCay & Criscuolo  
Mr. Frank Cavallo  
Moorestown, New Jersey

**CHIEF NEGOTIATOR**

Mr. Bruce Taylor  
Columbus, New Jersey

**OFFICIAL DEPOSITORY**

Beneficial Bank  
Medford, New Jersey

**FINANCIAL SECTION**





Certified Public Accountants & Consultants

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Medford Lakes Borough School District  
County of Burlington  
Medford Lakes, New Jersey 08055

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 Medford Lakes Borough School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's financial statements as listed in the table of contents. These financial statements are the responsibility of the Board'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; and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 the aggregate remaining fund information of the Board of Education of the Medford Lakes Borough School District, County of Burlington, 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 our report dated October 21, 2011, on our consideration of the Medford Lakes Borough Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

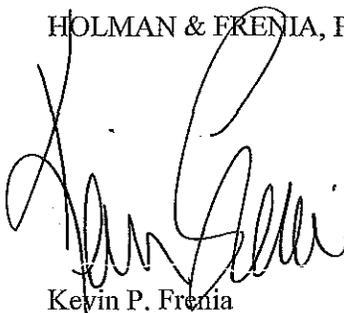
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 13 through 21 and 55 through 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate

operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Medford Lakes 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, schedule of expenditures of state financial assistance and statistical information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of 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 is also not a required part of the financial statements. The combining and individual fund financial statements, long-term debt schedules and the accompanying schedule of expenditures of state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,

HOLMAN & FRENIA, P. C.



Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant  
No. 1011

Medford, New Jersey  
October 21, 2011

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

Management's Discussion and Analysis



**MEDFORD LAKES BOROUGH SCHOOL DISTRICT  
MEDFORD LAKES, NEW JERSEY**

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

**UNAUDITED**

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

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34-*Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2010/2011) and the prior year (2009/2010) is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for 2010/2011 are as follows:

- Notification was received that the final two payments of state aid to school districts would be delayed until the next fiscal year. The payment would be received no later than July 8, 2011. The amount of the delayed payment was \$86,635 in the General Fund revenues.
- Funds were set aside for the Maintenance Fund in the amount of \$20,000 and the Emergency Fund in the amount of \$20,000.
- In an effort to be proactive to increase revenue and reduce costs, the District has continued a shared services agreement with Woodland Township. Additionally, the District has entered into a solar power purchase agreement thus adding solar to the Neeta School in an effort to curb electric costs.

**Using This Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Medford Lakes School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at the financial activities of each fund. In addition, this report also contains other supplementary and statistical information.

## **Reporting the School District as a Whole (Government-wide Financial Statements)**

### **Statement of Net Assets and Statement of Activities**

*The Statement of Net Assets and Statement of Activities* provides information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental activities and business-type activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's individual funds with all funds presented. In the case of the Medford Lakes School District, the General Fund is by far the most significant fund. The governmental activities are mainly supported by taxes and intergovernmental revenues, while the business-type activities are intended to recover all or a significant portion of their costs through user fees and charges.

While this document contains all of the funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The Statement of Net Assets and the Statement of Activities answers this question. The Statement of Net Assets includes all assets and liabilities, while the Statement of Activities shows the cost of program services and the charges for those services and the grants offsetting those services. They use the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the timing of the related cash is received or paid.

These two statements report the School District's net assets and changes to those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

**Governmental Activities** — These activities report on the School District's programs and services including instruction, support services, operation and maintenance of plant facilities, pupil transportation, extracurricular activities, grant programs, and capital outlay. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and the Debt Service Fund.

**Business Type Activities** — These activities provide for a charge for goods or services to recover the expenses of the goods and services provided. The Milk Service operation is reported here.

## **Reporting the School District's Most Significant Funds Fund Financial Statements**

### **Fund Financial Statements**

Fund financial reports provide detailed information about the School District's activities that are segregated for specific activities or objectives. The School District uses many funds to account for a multitude of financial transactions. These funds are divided into three categories: Governmental, Proprietary and Fiduciary Funds.

## **Governmental Funds**

The School District maintains four individual governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements. The School District adopts an annual appropriated budget for its general, special revenue and debt service funds. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found in Exhibits B-1 through B-3 of this report.

## **Proprietary Funds**

The School District maintains one proprietary fund, which consists of one enterprise fund that reports on the milk service operation. This fund uses the same basis of accounting as business-type activities.

The basic proprietary fund financial statements can be found in Exhibits B-4 through B-6 of this report.

## **Fiduciary Funds**

The School District's fiduciary funds are used to account for resources held for the benefit of parties outside the government. These funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's activities. The accounting method used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found in Exhibits B-7 through B-8 of this report.

## **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33 to 54 of this report.

## **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents statistical and single audit information and schedules relative to the School District and/or its serving community.

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

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Net assets may serve over time as a useful indicator of government's financial position.

The District's financial position is the product of several financial transactions including the net results of

activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

Table 1 provides a summary of the School District's net assets for fiscal year 2011 compared to 2010 results.

**Table 1  
Net Assets**

	Governmental	Business-	Total	Governmental	Business-	Total
	Activities	Type		Activities	Type	
		Activities	2010		Activities	2011
<b>Assets</b>						
Current & Other Net Assets	\$ 854,459	54,557	909,016	\$1,079,208	63,895	1,143,103
Capital Assets, Net	6,241,969		6,241,969	6,200,645		6,200,645
<b>Total Assets</b>	<b>7,096,428</b>	<b>54,557</b>	<b>7,150,985</b>	<b>7,279,853</b>	<b>63,895</b>	<b>7,343,748</b>
<b>Liabilities</b>						
Noncurrent Liabilities	4,214,195		4,214,195	3,938,639		3,938,639
Other liabilities	442,457		442,457	390,593		390,593
<b>Total Liabilities</b>	<b>4,656,652</b>	<b>-</b>	<b>4,656,652</b>	<b>4,329,232</b>	<b>-</b>	<b>4,329,232</b>
<b>Net Assets</b>						
Invested in Capital Assets, Net of Debt	2,121,969		2,121,969	2,365,645		2,365,645
Restricted	152,989		152,989	205,358		205,358
Unrestricted	164,818	54,557	219,375	443,513		443,513
<b>Total Net Assets</b>	<b>\$2,439,776</b>	<b>54,557</b>	<b>2,494,333</b>	<b>\$3,014,516</b>	<b>-</b>	<b>3,014,516</b>

As noted earlier, the District's net assets may serve over time as a useful Indicator of a government's financial position. The largest portion of the District's net assets (78 percent) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide the educational programs; consequently, these assets are not available for future spending. Although the District's investment in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net assets (7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations.

Table 2 shows changes in net assets for fiscal year 2011 as compared to fiscal year 2010.

**Table 2**  
**Changes in Net Assets**

	2010			2011		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for services	\$ -	11,240	11,240	\$ -	11,208	11,208
Operating grants & contributions	167,709	6,400	174,109	223,503	7,155	230,658
<b>General revenues</b>						
Property taxes	5,412,561		5,412,561	5,543,226		5,543,226
Grants and entitlements	1,609,848		1,609,848	1,428,593		1,428,593
Other	256,958	276	257,234	241,511	299	241,810
<b>Total revenues</b>	<b>7,447,076</b>	<b>17,916</b>	<b>7,464,992</b>	<b>7,436,833</b>	<b>18,662</b>	<b>7,455,495</b>
<b>Program Expenses</b>						
Instruction	3,271,125		3,271,125	3,133,073		3,133,073
Support services	1,044,503		1,044,503	1,005,680		1,005,680
General administration, school administration, business	424,062		424,062	406,590		406,590
Operations and maintenance of facilities	575,798		575,798	467,828		467,828
Pupil transportation	133,992		133,992	133,478		133,478
Unallocated benefits	1,441,070		1,441,070	1,492,439		1,492,439
Interest on debt	208,590		208,590	179,390		179,390
Food service		10,144	10,144		9,324	9,324
Other	222,835		222,835	107,510		107,510
<b>Total expenses</b>	<b>7,321,975</b>	<b>10,144</b>	<b>7,332,119</b>	<b>6,925,988</b>	<b>9,324</b>	<b>6,935,312</b>
<b>Increase in net assets</b>	<b>\$ 125,101</b>	<b>7,772</b>	<b>132,873</b>	<b>\$ 510,845</b>	<b>9,338</b>	<b>520,183</b>

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

Pupils and instruction staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

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

Operation and maintenance of facilities involve keeping the school grounds, buildings and equipment in an effective working condition.

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

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

## Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for the School District operations. Property taxes made up 74% of revenues for governmental activities for the Medford Lakes School District. Federal, state and local grants accounted for another 22% of revenues. The District's total governmental activities revenues were \$7,436,833 for the year ended June 30, 2011.

## Business-Type Activities

Revenues for the District's business-type activity (milk program) were comprised of charges for services and federal and state reimbursements.

Business-type revenues exceeded expenditures by \$9,324.

Charges for services are amounts paid by patrons for daily milk service operations.

Federal and state operating grant revenues are for the reimbursement for milk.

## The School District's Funds

Governmental funds (i.e. general fund, special revenue fund, capital projects fund, and debt service fund) presented in the fund-based statements, are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$7,426,833 and expenditures were \$7,167,156. The net change in overall fund balance for the year was \$259,677.

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. Table 3 presents a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2011 and the amount and percentage of increases and decreases in relation to prior year revenues.

The increase in local revenue was due to a tax increase to fund the additional expenditures of the School District associated with an increase in higher operating costs and a minimal increase in state aid.

Federal and state revenues reflect a decrease due to a reduction in allocations including state aid, NCLB, IDEA and IDEA-ARRA grants.

**Table 3**  
**Revenues of the Governmental Funds**

Revenues	Amount	Percent of Total	Increase/ (Decrease) from 2010	Percent of Increase/ (Decrease)
Local Sources	\$5,774,737	77.76%	\$106,885	1.89%
State Sources	\$1,432,020	19.28%	(\$37,174)	-2.53%
Federal Sources	\$ 220,076	2.96%	(\$88,287)	-28.63%
Total	\$7,426,833	100.00%	(\$18,576)	

Table 4 represents a summary of the combined general fund, special revenue fund, capital projects fund and debt service fund expenditures for the fiscal year ended June 30, 2011, and the percentage of increases and decreases in relation to prior year amounts.

**Table 4  
Expenditures of the Governmental Funds**

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2010</u>	<u>Percent of Increase/ (Decrease)</u>
Current:				
Instruction	\$3,133,073	43.7%	(\$138,052)	-4.22%
Undistributed	3,502,074	48.9%	(\$103,956)	-2.88%
Capital outlay	83,450	1.2%	(\$8,098)	-8.85%
Debt Service	448,559	6.3%	(\$20,914)	-4.45%
 Total	 \$7,167,156	 100%	 (\$271,020)	

Changes in expenditures were the result of varying factors. The decrease in Current – Instruction is attributed to the decrease in staff and salaries of teachers and supplies. The decrease Current-Undistributed expenditures is attributed to decreases in employee benefits, decreases in operations and maintenance of school facilities and decreases in other non-instructional salaries. The decrease in debt service is the result of refunding school bonds during the prior year.

#### **GENERAL FUND BUDGETING HIGHLIGHTS**

The School District’s budget is prepared in accordance with New Jersey law, and is based on accounting for certain transactions on a cash basis of receipts, disbursements and encumbrances. The most significant fund is the General Fund.

Over the course of the year, the District revised its General Fund budget as needed. Revisions in the budget were made to accommodate program changes and to prevent over-expenditures in specific line item accounts. Several of these significant revisions include expenditures for Instruction, Special Education and the Operation and Maintenance of Plant Facilities. The details of individual program budget revisions are reflected In Exhibit C-1 of the CAFR.

While the District’s final budget for the general fund anticipated that revenues and expenditures would roughly equal, the actual results for the year show a difference of \$259,677.

#### **FUND BALANCES**

Table 5 shows a comparison of the fund balances in each of the District’s Governmental and Business-type activity funds.

The increase in General Fund fund balance, of \$224,417 is due to lower expenditures than anticipated as noted in general fund budgeting highlights above. The increase in the Debt Service Fund is the result of refunding of bonds during the 2009-2010 school year.

**Table 5  
Changes in Fund Balances**

	Fund Balances, June 30		
	2011	2010	Difference
<b>Governmental Funds</b>			
General Fund	\$779,969	555,552	\$224,417
Special Revenue Fund			
Capital Projects Fund	7,284	0	7,284
Debt Service Fund	28,061	85	27,976
<b>Business-type Activities:</b>			
Milk Service Enterprise Fund	\$63,895	54,557	\$9,338

### CAPITAL ASSETS

At the end of the fiscal year 2011, the School District had \$6,200,645 invested in land, buildings, furniture, equipment, and vehicles. Table 6 shows fiscal year 2011 balances compared to 2010.

**Table 6  
Capital Assets (Net of Depreciation) at June 30**

	2011	2010	Difference
Buildings and improvements	\$12,742,744	12,712,086	\$30,658
Machinery and equipment	241,598	411,957	(170,359)
Subtotal	\$12,984,342	\$13,124,043	(139,701)
Accumulated Depreciation	(6,783,697)	(\$6,882,073)	98,376
<b>TOTAL</b>	<b>\$ 6,200,645</b>	<b>\$6,241,970</b>	<b>\$(41,325)</b>

Overall capital assets decreased by a net of \$41,325 from fiscal year 2010 to fiscal year 2011. This decrease represents the acquisition of capital assets and also the reduction in value of assets due to depreciation charges. Additionally, an audit of capital assets was performed resulting in an adjustment in value and depreciation. For more detailed information, refer to the Notes to the Financial Statements.

### DEBT ADMINISTRATION

In the governmental funds, at June 30, 2011, the School District had \$3,938,639 of outstanding debt. Of this amount \$103,639 is for compensated absences; and \$3,835,000 is from serial bonds outstanding from the 2010 bonds issued.

There was no debt outstanding in the business-type activities fund.

The District's credit rating as determined by Moody's continues to be AAA for general obligation debt. State statutes limit the amount of general obligation debt a governmental entity may issue. The District's limit is 3 percent of its equalized valuation basis. The current debt limitation for the District is \$14,727,640, which is significantly in excess of the District's outstanding general obligation debt of \$3,835,000.

Additional information on the District's long-term debt can be found in notes 5 and 12 in the Notes to the Financial Statements.

### **For the Future**

The Medford Lakes School District is in excellent financial condition presently. The School District is proud of its community support and involvement in the educational program. A major concern is the lack of state and federal revenues, which has resulted in increased property taxes.

The School District's budget has for many years experienced support from the community's voters. The Medford Lakes community has approved the District's seven of the last eight budgets.

The Medford Lakes School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future.

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

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. Questions regarding this report or if additional information is needed, contact Ms. Karen Gfroehrer, School Business Administrator/Board Secretary, at the Medford Lakes School District, 135 Mudjekeewis Trail, Medford Lakes New Jersey 08055.



**BASIC FINANCIAL STATEMENTS**



A. District-Wide Financial Statements



**MEDFORD LAKES BOROUGH BOARD OF EDUCATION**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**  
**(With Comparative Totals for June 30, 2010)**

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS (MEMORANDUM ONLY)	
			JUNE 30, 2011	JUNE 30, 2010
Cash & Cash Equivalents	\$748,646	23,902	772,548	539,318
Receivables, Net	111,742	39,993	151,735	130,680
Unamortized Loss on Refunding	154,272		154,272	168,513
Unamortized Cost of Issuance	64,547		64,547	70,505
Restricted Assets:				
Capital Reserve Account - Cash	1		1	
Capital Assets, Net (Note 6)	6,200,645		6,200,645	6,241,969
<b>Total Assets</b>	<b>7,279,853</b>	<b>63,895</b>	<b>7,343,748</b>	<b>7,150,985</b>
<b>LIABILITIES</b>				
Accounts Payable	37,616		37,616	36,939
Accrued Interest Payable	18,366		18,366	25,302
Original Issue Premium	327,152		327,152	357,351
Deferred Revenue	7,459		7,459	22,865
Noncurrent Liabilities (Note 7):				
Due Within One Year	290,000		290,000	285,000
Due Beyond One Year	3,648,639		3,648,639	3,929,195
<b>Total Liabilities</b>	<b>4,329,232</b>		<b>4,329,232</b>	<b>4,656,652</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	2,365,645		2,365,645	2,121,969
Restricted For:				
Debt Service	9,695		9,695	(25,217)
Other Purposes	195,663		195,663	178,206
Unrestricted	379,618	63,895	443,513	219,375
<b>Total Net Assets</b>	<b>\$2,950,621</b>	<b>63,895</b>	<b>3,014,516</b>	<b>2,494,333</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011  
(With Comparative Totals for June 30, 2010)**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS				
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS		
						(MEMORANDUM ONLY)		
					JUNE 30, 2011	JUNE 30, 2010		
Governmental Activities:								
Instruction:								
Regular	\$2,353,857		139,075	(2,214,782)	(2,214,782)	(2,283,192)		
Special Education	708,664			(708,664)	(708,664)	(797,433)		
Other Special Instruction	39,669			(39,669)	(39,669)	(38,298)		
Other Instruction	30,883			(30,883)	(30,883)	(84,443)		
Support Services & Undistributed Costs:								
Tuition	85,908			(85,908)	(85,908)	(73,359)		
Health Services	171,790			(171,790)	(171,790)	(152,271)		
Student & Instruction Related Services	479,334		84,428	(394,906)	(394,906)	(436,534)		
Educational Media Services/School Library	61,713			(61,713)	(61,713)	(76,173)		
Instructional Staff Training	5,246			(5,246)	(5,246)	(5,989)		
School Administrative Services	137,301			(137,301)	(137,301)	(124,163)		
General Administrative Services	269,289			(269,289)	(269,289)	(299,899)		
Plant Operations & Maintenance	467,828			(467,828)	(467,828)	(575,798)		
Pupil Transportation	133,478			(133,478)	(133,478)	(133,992)		
Business & Other Support Services	199,505			(199,505)	(199,505)	(195,859)		
Administration Information Technology	2,184			(2,184)	(2,184)	(4,368)		
Unallocated Benefits	1,492,439			(1,492,439)	(1,492,439)	(1,441,070)		
Interest on Long-Term Debt	179,390			(179,390)	(179,390)	(208,590)		
Increase in Compensated Absences	9,444			(9,444)	(9,444)	20,360		
Adjustment to Fixed Assets	(111,391)			111,391	111,391			
Unallocated Depreciation	209,457			(209,457)	(209,457)	(243,195)		

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011  
(With Comparative Totals for June 30, 2010)**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS (MEMORANDUM ONLY)	
						JUNE 30, 2011	JUNE 30, 2010
Total Governmental Activities	6,925,988		223,503	(6,702,485)		(6,702,485)	(7,154,266)
Business-Type Activities:							
Food Service	9,324	11,208	7,155		9,039	9,039	7,496
Total Business-Type Activities	9,324	11,208	7,155		9,039	9,039	7,496
Total Primary Government	<u>\$6,935,312</u>	<u>11,208</u>	<u>230,658</u>	<u>(6,702,485)</u>	<u>9,039</u>	<u>(6,693,446)</u>	<u>(7,146,770)</u>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net				\$5,070,796		5,070,796	4,949,681
Taxes Levied for Debt Service				472,430		472,430	462,880
Federal & State Aid Not Restricted				1,428,593		1,428,593	1,609,848
Miscellaneous Revenue				231,511	299	231,810	255,567
Amortization of Bond Premiums (Net of Costs & Losses)				10,000		10,000	1,667
Total General Revenues, Special Items, Extraordinary Items & Transfers				<u>7,213,330</u>	<u>299</u>	<u>7,213,629</u>	<u>7,279,643</u>
Change In Net Assets				510,845	9,338	520,183	132,873
Net Assets - Beginning				<u>2,439,776</u>	<u>54,557</u>	<u>2,494,333</u>	<u>2,361,460</u>
Net Assets - Ending				<u>\$2,950,621</u>	<u>63,895</u>	<u>3,014,516</u>	<u>2,494,333</u>

See Accompanying Notes to Financial Statements



## B. Fund Financial Statements



## Governmental Funds



**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2011**

(With Comparative Totals for June 30, 2010)

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS (MEMORANDUM ONLY)	
					JUNE 30, 2011	JUNE 30, 2010
Cash & Cash Equivalents	\$815,876			28,061	843,937	572,007
Due From Other Funds	28,159	1,054	30,000		59,213	4,626
Receivables From Other Governments	29,178	62,564	20,000		111,742	97,842
<b>Total Assets</b>	<b>\$873,213</b>	<b>63,618</b>	<b>50,000</b>	<b>28,061</b>	<b>1,014,892</b>	<b>674,475</b>
<b>LIABILITIES &amp; FUND BALANCES</b>						
Liabilities:						
Cash Overdraft		52,574	42,716		95,290	54,408
Accounts Payable	\$22,668	3,585			26,253	8,566
Interfund Payable	70,576				70,576	32,999
Deferred Revenue		7,459			7,459	22,865
<b>Total Liabilities</b>	<b>93,244</b>	<b>63,618</b>	<b>42,716</b>		<b>199,578</b>	<b>118,838</b>
Fund Balances:						
Restricted for:						
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	58,399				58,399	68,060
Excess Surplus - Current Year	137,263				137,263	58,399
Capital Reserve Account	1				1	1
Emergency Reserve Account	55,373				55,373	35,017
Maintenance Reserve Account	55,356				55,356	35,000
Assigned to:						
Designated by the BOE for Subsequent Year's Expenditures	220,000				220,000	175,741
Other Purposes	72,664				72,664	51,746
Capital Projects			7,284		7,284	
Debt Service				28,061	28,061	
Unassigned:						
General Fund	180,913				180,913	131,673
<b>Total Fund Balances</b>	<b>779,969</b>		<b>7,284</b>	<b>28,061</b>	<b>815,314</b>	<b>555,637</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$873,213</b>	<b>63,618</b>	<b>50,000</b>	<b>28,061</b>		

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$12,984,342, and the accumulated depreciation is \$6,783,697.

6,200,645      6,241,969

Accrued interest payable is not recorded in the fund financial due to the fact that payable is not due in the current period.

(18,366)      (25,302)

Unamortized bond issuance costs/loss on refunding net of Bond Premium is not recorded in the fund financials But is recorded on the district wide financials

(108,333)      (118,333)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Illustrative Note 5)

(3,938,639)      (4,214,195)

Net assets of Governmental Activities

\$2,950,621      2,439,776

See Accompanying Notes to Financial Statements

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2011  
(With Comparative Totals for June 30, 2010)**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS (MEMORANDUM ONLY)	
					JUNE 30, 2011	JUNE 30, 2010
Revenues:						
Local Tax Levy	\$5,070,796			472,430	5,543,226	5,412,561
Miscellaneous	213,723	13,683		4,105	231,511	255,291
State Sources	1,411,989	31	20,000		1,432,020	1,469,194
Federal Sources		220,076			220,076	308,363
<b>Total Revenues</b>	<b>6,696,508</b>	<b>233,790</b>	<b>20,000</b>	<b>476,535</b>	<b>7,426,833</b>	<b>7,445,409</b>
Expenditures:						
Current:						
Regular Instruction	2,214,782	139,075			2,353,857	2,350,951
Special Education Instruction	708,664				708,664	797,433
Other Special Instruction	39,669				39,669	38,298
Other Instruction	30,883				30,883	84,443
Support Services & Undistributed Costs:						
Tuition	85,908				85,908	73,359
Health Services\Attendance	171,790				171,790	152,271
Student & Instruction Related Services	394,906	84,428			479,334	536,484
Educational Media Services/ School Library	61,713				61,713	76,173
Instructional Staff Training	5,246				5,246	5,989
General Administrative Services	265,348				265,348	286,504
School Administrative Services	137,301				137,301	124,163
Plant Operations & Maintenance	467,828				467,828	575,798
Pupil Transportation	133,478				133,478	133,992
Business & Other Support Services	199,505				199,505	195,859
Administration Information Technology	2,184				2,184	4,368
Unallocated Benefits	1,492,439				1,492,439	1,441,070
Debt Service:						
Principal				285,000	285,000	260,000
Interest				163,559	163,559	209,473
Capital Outlay	30,447	10,287	42,716		83,450	91,548
<b>Total Expenditures</b>	<b>6,442,091</b>	<b>233,790</b>	<b>42,716</b>	<b>448,559</b>	<b>7,167,156</b>	<b>7,438,176</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	254,417		(22,716)	27,976	259,677	7,233
Other Financing Sources/(Uses):						
Transfers In			30,000		30,000	
Transfers Out	(30,000)				(30,000)	
<b>Total Other Financing Sources &amp; Uses</b>	<b>(30,000)</b>		<b>30,000</b>			
Net Change in Fund Balances	224,417		7,284	27,976	259,677	7,233
Fund Balance - July 1	555,552			85	555,637	548,404
<b>Fund Balance - June 30</b>	<b>\$779,969</b>	<b>-</b>	<b>7,284</b>	<b>28,061</b>	<b>815,314</b>	<b>555,637</b>

See Accompanying Notes to Financial Statements

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$259,677

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

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

Depreciation Expense	(\$209,457)	
Adjustments to Fixed Asset Appraisal	111,391	
Capital Outlays	56,742	(41,324)

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.

285,000

Loss on the early extinguishments of debt, cost of issuance on refunding, and original issue premiums are recorded when incurred in the governmental funds but are deferred and recognized in the statement of activities over the life of the refunding:

Prior Year	118,333	
Current Year	(108,333)	10,000

Net difference in accrued interest on bonds and capital leases is not recorded in the fund financial statements.

6,936

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 Fund, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); When the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Prior Year Compensated Absences	94,195	
Current Year Compensated Absences	(103,639)	(9,444)

Change in Net Assets of Governmental Activities

\$510,845

See Accompanying Notes to Financial Statements



## Proprietary Funds



**MEDFORD LAKES BOROUGH BOARD OF EDUCATION**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**  
**(With Comparative Totals for June 30, 2010)**

ASSETS	BUSINESS-TYPE	TOTALS	
	ACTIVITIES - ENTERPRISE FUNDS FOOD SERVICE	(MEMORANDUM ONLY)	
		JUNE 30, 2011	JUNE 30, 2010
Cash & Cash Equivalents	\$23,902	23,902	21,719
Accounts Receivable:			
Interfunds	39,522	39,522	31,634
Federal	471	471	1,204
Total Assets	<u>63,895</u>	<u>63,895</u>	<u>54,557</u>
NET ASSETS			
Unrestricted	<u>63,895</u>	<u>63,895</u>	<u>54,557</u>
Total Net Assets	<u>\$63,895</u>	<u>63,895</u>	<u>54,557</u>

See Accompanying Notes to Financial Statements

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Totals for June 30, 2010)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	TOTALS (MEMORANDUM ONLY)	
	FOOD SERVICE	JUNE 30, 2011	JUNE 30, 2010
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs:			
Special Milk Program	\$11,208	11,208	11,240
Total Operating Revenues	11,208	11,208	11,240
Operating Expenses:			
Cost of Sales	9,324	9,324	10,144
Total Operating Expenses	9,324	9,324	10,144
Operating Income/(Loss)	1,884	1,884	1,096
Nonoperating Revenues/(Expenses):			
Federal Sources:			
Special Milk Program	7,155	7,155	6,400
Interest & Investment Revenue	299	299	276
Total Nonoperating Revenues/(Expenses)	7,454	7,454	6,676
Income/(Loss) Before Contributions & Transfers	9,338	9,338	7,772
Change in Net Assets	9,338	9,338	7,772
Total Net Assets - Beginning	54,557	54,557	46,785
Total Net Assets - Ending	\$63,895	63,895	54,557

See Accompanying Notes to Financial Statements

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2011  
 (With Comparative Totals for June 30, 2010)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS FOOD SERVICE	TOTALS (MEMORANDUM ONLY) JUNE 30,      JUNE 30, 2011              2010	
Cash Flows From Operating Activities:			
Receipts from Customers	\$11,208	11,208	11,240
Payments to Suppliers	(9,324)	(9,324)	(10,144)
Net Cash Provided/(Used) by Operating Activities	1,884	1,884	1,096
Cash Flows From Noncapital Financing Activities:			
Federal Sources	7,888	7,888	5,830
Interfunds Receivable	(7,888)	(7,888)	(5,831)
Net Cash Provided/(Used) by Noncapital Financing Activities			(1)
Cash Flows From Investing Activities:			
Interest & Dividends	299	299	276
Net Cash Provided/(Used) by Investing Activities	299	299	276
Net Increase/(Decrease) in Cash & Cash Equivalents	2,183	2,183	1,371
Balances - Beginning of Year	21,719	21,719	20,348
Balances - End of Year	\$23,902	23,902	21,719

**Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:**

Operating Income/(Loss)	\$1,884	1,884	1,096
Net Cash Provided/(Used) by Operating Activities	\$1,884	1,884	1,096

See Accompanying Notes to Financial Statements



Fiduciary Fund



**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2011  
(With Comparative Totals for June 30, 2010)**

ASSETS	PRIVATE PURPOSE						TOTALS (MEMORANDUM ONLY)		
	BOOSTER CLUB	SCHOLARSHIP	FLEXIBLE SPENDING TRUST	NEW JERSEY UNEMPLOYMENT TRUST	STUDENT ACTIVITY	AGENCY PAYROLL AGENCY	NET PAYROLL	JUNE 30, 2011	JUNE 30, 2010
Cash & Cash Equivalents	\$4,661	9,564	2,386	16,458	1,343	67,494	2,406	104,312	85,344
Interfund Receivable				13,719				13,719	13,719
<b>Total Assets</b>	<b>4,661</b>	<b>9,564</b>	<b>2,386</b>	<b>30,177</b>	<b>1,343</b>	<b>67,494</b>	<b>2,406</b>	<b>118,031</b>	<b>99,063</b>
<b>LIABILITIES</b>									
Accrued Salaries & Wages						34,183		34,183	33,791
Interfund Payable	4,661		1,500			33,311	2,406	41,878	16,980
Due to Student Groups					1,343			1,343	1,333
<b>Total Liabilities</b>	<b>4,661</b>		<b>1,500</b>		<b>1,343</b>	<b>67,494</b>	<b>2,406</b>	<b>77,404</b>	<b>52,104</b>
<b>NET ASSETS</b>									
Undesignated		9,564	886	30,177				40,627	46,959
<b>Total Net Assets</b>	<b>-</b>	<b>9,564</b>	<b>886</b>	<b>30,177</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,627</b>	<b>46,959</b>

See Accompanying Notes to Financial Statements

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2011  
(With Comparative Totals for June 30, 2010)**

ADDITIONS:	PRIVATE PURPOSE				TOTALS	
	BOOSTER CLUB	SCHOLARSHIP	FLEXIBLE SPENDING TRUST	UNEMPLOYMENT COMPENSATION TRUST FUND	(MEMORANDUM ONLY) JUNE 30, 2011	JUNE 30, 2010
Local Sources:						
Interest on Investments		138	28	204	370	270
Contributions			12,308		12,308	20,636
Total Operating Revenue		138	12,336	204	12,678	20,906
Total Additions		138	12,336	204	12,678	20,906
DEDUCTIONS:						
Scholarship Payments		200			200	200
Unemployment Remissions						344
Miscellaneous Expenditures	\$4,661		14,149		18,810	9,727
Total Deductions	4,661	200	14,149		19,010	10,271
Change in Net Assets	(4,661)	(62)	(1,813)	204	(6,332)	10,635
Net Assets - Beginning of the Year	4,661	9,626	2,699	29,973	46,959	36,324
Net Assets - End of the Year	-	9,564	886	30,177	40,627	46,959

See Accompanying Notes to Financial Statements

**MEDFORD LAKES BOROUGH  
BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**



**MEDFORD LAKES BOROUGH BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**Note 1. Summary of Significant Accounting Policies**

The accompanying financial statements of the Medford Lakes Borough Board of Education have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999 the GASB issued Statement 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This statement established new financial reporting requirements for state and local governmental entities throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

The District has implemented these standards for the fiscal year-ending June 30, 2004 with the implementation of GASB Statement 34, the District has prepared required supplementary information titled *Management’s Discussion and Analysis*, which precedes the basic financial statements.

Other GASB Statements are required to be implemented in conjunction with GASB Statement 34. Therefore, the District has implemented the following GASB Statements in the current fiscal year: Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*; Statement 36 – *Recipient Reporting for Certain Shared Nonexchange Revenues*; Statement 37 – *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus* and Statement 38 – *Certain Financial Statement Note Disclosures*; Statement 40 – *Deposit and Investment Risk Disclosures*; Statement 44 – *Economic Condition Reporting – The Statistical Section* and Statement 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*.

The accompanying financial statements present the financial position of the District and the various funds and fund types, the results of operations of the District and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2011 and for the year then ended with comparative totals as of and for the year ended June 30, 2010 (Memorandum Only).

**A. Reporting Entity:**

The Medford Lakes Borough Board of Education is a Type II district located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of 5 members elected to three-year terms. These terms are staggered so that a maximum of 2 members’ terms expire each year. The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, vocational, as well as special education for handicapped youngsters. The operations of the District include two elementary schools located in Medford Lakes Borough. The Medford Lakes Borough Board of Education has an approximate enrollment at June 30, 2011 of 544 students.

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

- ◆ 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

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2011**

**Note 1. Summary of Significant Accounting Policies (continued):**

- ◆ 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.

**B. District-Wide and Fund Financial Statements**

The district-wide financial statements (the statement of net assets and the statement of activities) report information of all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these district-wide statements. District activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the district-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

**District-Wide Financial Statements** – The governmental fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2011**

**Note 1. Summary of Significant Accounting Policies (continued):**

**Governmental Fund Financial Statements** – The Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Principal revenue sources considered susceptible to accrual include federal and state grants, interest on investments, tuition and transportation. Other revenues are considered to be measurable and available only when cash is received by the state.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**D. Fund Accounting:**

The accounts of the Medford Lakes Borough Board of Education are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The various funds and accounts are grouped, in the financial statements in this report, into seven fund types within three broad fund categories and two account groups as follows:

**Governmental Funds**

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

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

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS (continued):**  
**JUNE 30, 2011**

**Note 1. Summary of Significant Accounting Policies (continued):**

**D. Fund Accounting (continued):**

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings 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).

**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.

**Proprietary Fund**

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

**Enterprise** - The enterprise fund is used to account for the operations that are financed and operated in a manner similar to a private business enterprise. The costs of providing goods or services are financed primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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

All Proprietary funds are accounted for on a 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

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2011**

**Note 1. Summary of Significant Accounting Policies (continued):**

**Proprietary Fund (continued):**

earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

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

Food Service Fund:	
Equipment	15 Years
Light Trucks & Vehicle	8 Years
Heavy Trucks & Vehicle	8 Years

**Fiduciary Fund**

Fiduciary funds are used to account for assets held by a governmental entity for other parties (either as trustee or as an agent) and that cannot be used to finance the governmental entity's own operating programs which includes private purpose trust funds and agency funds

Private Purpose Trust Funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The District currently maintains an Unemployment Trust Fund as a private purpose trust.

Agency Funds are assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity's own operating programs. The District currently maintains Payroll funds and Student Activity Funds as Agency Funds

**Agency Funds** - Agency funds are used to account for the assets that the Medford Lakes Borough Board of Education holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

**E. Basis of Accounting:**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and private purpose trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS (continued):**  
**JUNE 30, 2011**

**Note 1. Summary of Significant Accounting Policies (continued):**

**E. Basis of Accounting (continued):**

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, 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.

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, private purpose 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.

In its accounting and financial reporting, the Medford Lakes Borough Board of Education 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 Medford Lakes Borough Board of Education'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 private purpose 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.

**F. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund.

Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in *N.J.A.C.6:20-2A(m)1*. All budget amendments must be approved by School Board resolution.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2011**

**Note 1. Summary of Significant Accounting Policies (continued):**

**F. Budgets/Budgetary Control (continued):**

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.

The budget, as detailed on Exhibit C-1, includes all amendments to the adopted budget, if any.

The following presents a reconciliation of the special revenue fund revenues and expenditures 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 Revenues 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:

**Notes to Required Supplementary Information.  
Budgetary Comparison Schedule**

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$6,661,136	\$217,108
 Difference – Budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		 16,682
 State aid payment recognized for budgetary Purposes, not recognized for GAAP Purposes (net)	 <u>35,372</u>	 <u>          </u>
 Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	 <u>\$6,696,508</u>	 <u>\$233,790</u>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2011**

**Note 1. Summary of Significant Accounting Policies (continued):**

**F. Budgets/Budgetary Control (continued):**

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Uses/Outflows of Resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$6,442,091	\$217,108
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	<u>                    </u>	<u>16,682</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds	<u>\$6,442,091</u>	<u>\$233,790</u>

**G. 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 Medford Lakes Borough Board of Education 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.

**H. 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 as to the types of investments and types of financial institutions they may invest in. *N.J.S.18A:20-37* provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2011**

**Note 1. Summary of Significant Accounting Policies (continued):**

**H. Cash, Cash Equivalents and Investments (continued):**

Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from 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.

**I. Tuition Receivable/Payable**

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

These adjustments are recorded upon certification by the State Board of Education, which is normally three years following the contract year. The cumulative adjustments through June 30, 2011, which have not been recorded, are not determinable.

The tuition rate adjustments for the years 2007-2008 and 2008-2009 have been established. According to the School District's records, these amounts of adjustments are immaterial to the financial statements.

**J. Inventories & Prepaid Expenses**

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed.

Prepaid expenses, which benefit future periods, other than those recorded in the enterprise funds, are recorded as expenditure during the year of purchase. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

**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 Medford Lakes Borough Board of Education and that are due within one year.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2011**

**Note 1. Summary of Significant Accounting Policies (continued):**

**L. Fixed Assets:**

General fixed assets acquired or constructed during the year are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Fixed assets are defined by the District as assets, which have a cost in excess of \$2,000 at the date of acquisition and a useful life of one year or more. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed were valued by an independent appraisal company. General fixed assets, such as land and buildings, are valued at the historical cost basis and through estimated procedures performed by an independent appraisal company, respectively.

General fixed assets are reflected as expenditures in the applicable governmental funds. Depreciation expense is recorded in the district-wide financial statements as well as the proprietary fund. Capital assets are depreciated on the straight-line method over the assets' estimated useful life. There is no depreciation recorded for land and construction in progress. Generally estimated useful lives are as follows:

Machinery and Equipment	3 – 20 Years
Building & Other Improvements	7 – 60 Years
Infrastructure	30 Years

**M. Accrued Salaries and Wages**

District employees, who provide services to the District over the ten-month academic year and extended eleven-month calendar, do not have the option to have their salaries disbursed during the entire twelve-month year. Therefore, there is no accrual as of June 30, 2011 for such salaries.

**N. 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.

In the District-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

**O. Deferred Revenue**

Deferred revenue in the general and special revenue funds represents cash, which has been received but not yet earned.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2011**

**Note 1. Summary of Significant Accounting Policies (continued):**

**P. Long-Term Obligations**

In district-wide financial statements, under governmental activities, long-term debt is recognized as a liability in the general fund as debt is incurred.

**Q. Fund Equity**

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

In accordance with State of New Jersey statutes, the fund balance to be utilized in the subsequent year budget is not legally restricted and therefore has been classified as fund balance designated for subsequent year's expenditures and is not reserved.

**R. Subsequent Events:**

Medford Lakes Borough Board of Education has evaluated subsequent events occurring after June 30, 2011 through the date of October 21, 2011, which is the date the financial statements were available to be issued.

**Note 2. Cash and Cash Equivalents and Investments**

The District is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at June 30, 2011, and reported at fair value are as follows:

<b>Type</b>	<b>Carrying Value</b>
<b>Deposits:</b>	
Demand Deposits	<u>\$876,783</u>
<b>Total Deposits</b>	<u><b>\$876,783</b></u>
<b>Reconciliation of Statements of Net Assets:</b>	
Governmental Activities	\$748,647
Business-Type Activities	23,902
Fiduciary Funds	<u>104,234</u>
<b>Total Cash and Cash Equivalents</b>	<u><b>\$876,783</b></u>

**Custodial Credit Risk** – Deposits in financial institutions, reported as components of cash, cash equivalents and investments had a bank balance of \$1,053,419 at June 30, 2011. Of the bank balance \$257,027 was fully insured by depository insurance and \$796,392 was secured by a collateral pool held by the bank, but not in the District's name, as required by New Jersey statutes.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 2. Cash and Cash Equivalents and Investments (continued):**

**Investment Interest Rate Risk** – The District has not formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investment held at June 30, 2011, are provided in the above schedule.

**Investment Credit Risk** – The District has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the School District is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the School District;
- Local Governments investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities.

**Concentration of Investment Credit Risk** – The District places no limit on the amount it may invest in any one issuer. At June 30, 2011, all of the District's investments are with the Beneficial Bank.

**Note 3. Governmental Unit Deposit Protection Act (GUDPA)**

The District has deposited cash in 2011 with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act. In addition to savings and checking accounts the District invests monies in certificates of deposits.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**Note 3. Governmental Unit Deposit Protection Act (GUDPA) (continued):**

The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the 6 month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or any other U.S. agency which insures public depository funds.

No public depository shall at any time receive and hold on deposit for any period in excess of 15 days public funds of a governmental unit(s) which, in the aggregate, exceed 75% of the capital funds of the depository, unless such depository shall, in addition to the security required to be maintained under the paragraph above, secure such excess by eligible collateral with a market value at least equal to 100% of such excess.

In the event of a default, the Commissioner of Banking within 20 days after the default occurrence shall ascertain the amount of public funds on deposit in the defaulting depository and the amounts covered by federal deposit insurance and certify the amounts to each affected governmental unit. Within 10 days after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each such governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30th and December 31st, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so requested may be excluded by the Commissioner from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 3. Governmental Unit Deposit Protection Act (GUDPA) (continued):**

The District should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

**Note 4. Capital Reserve Account**

The Medford Lakes Borough Board of Education established a capital reserve account by inclusion of \$1 on September 25, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriated 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-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The balance at June 30, 2011 in the Capital Reserve Account was \$1.

**Note 5. Transfers to Capital Outlay**

During the year ending June 30, 2011, the District transferred \$ -0- to the capital outlay accounts.

**Note 6. Fixed Assets**

The following schedule is a summarization of the general fixed assets for the fiscal year ended June 30, 2011:

	<b>June 30, 2010</b>	<b>Additions</b>	<b>Adjustments</b>	<b>June 30, 2011</b>
Building & Improvements	\$12,712,086	\$ 8,844	\$ 21,814	\$12,742,744
Machinery & Equipment	411,956	47,898	(218,256)	241,598
Subtotal	13,124,042	56,742	(196,442)	12,984,342
Accumulated Depreciation	(6,882,073)	(209,457)	307,833	(6,783,697)
Total	<u>\$ 6,241,969</u>	<u>\$(152,715)</u>	<u>\$111,391</u>	<u>\$ 6,200,645</u>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 7. Long-Term Debt**

During the fiscal year ended June 30, 2011 the following changes occurred in liabilities reported in the General Long-Term Debt Account Group:

	Balance 6/30/10	Issued	Retired/ Adjustments	Balance 6/30/11	Due Within One Year
Compensated Absences \$	94,195	\$9,444		\$ 103,639	
Bonds Payable	4,120,000		\$(285,000)	3,835,000	\$290,000
<b>Total</b>	<b>\$4,214,195</b>	<b>\$9,444</b>	<b>\$(285,000)</b>	<b>\$3,938,639</b>	<b>\$290,000</b>

**A. Bonds Payable:**

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

**2002 Bonds**

**Description**

On May 1, 2002, Medford Lakes Board of Education issued bonds in the amount of \$5,165,000 for the purpose of providing funds to finance a portion of a capital project and pay certain expenses incidental to the issuance and delivery of the bonds.

**2010 Bonds**

**Description**

The Board of Education issued Revenue Refunding Bonds, Series 2010, dated May 1, 2010 in the amount of \$3,845,000. The proceeds of this bond issue were used to advance refund certain callable maturities of the Board of Education's outstanding Series 2002 Bonds dated May 1, 2002. The Series 2002 Bonds were redeemed on May 1, 2010 at a redemption price of 100% of the principal amount thereof. The bonds included premiums of \$362,384 and expenses of \$71,498 resulting in a long term loss on the refunding \$170,886. The results of the refunding created an economic gain on the transaction with a net present value savings on interest expense of \$184,770.

Principal and interest due on the total bonds outstanding is as follows:

Year-ending June 30,	Principal	Interest	Total
2012	\$ 290,000	\$ 162,456	\$ 452,456
2013	305,000	150,856	455,856
2014	310,000	144,375	454,375

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**Note 7. Long-Term Debt (continued):**

Year-ending June 30,	Principal	Interest	Total
2015	320,000	135,075	455,075
2016	330,000	123,075	453,075
2017-2021	1,850,000	393,500	2,243,500
2022	<u>430,000</u>	<u>21,500</u>	<u>451,500</u>
Total	<u>\$3,835,000</u>	<u>\$1,130,837</u>	<u>\$4,965,837</u>

**Note 8. Pension Plans**

**Plan Descriptions** - 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 in January 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 in January 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 of 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 55 and are generally determined to be 1/55 of the final average salary for each year of service

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS (continued):**  
**JUNE 30, 2011**

**Note 8. Pension Plans (continued):**

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.

**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.

New Legislation signed by the Acting Governor (Chapter 133, Public Laws 2001) changed the formula for calculating retirement benefits for all current and future non-veteran retirees from N/60 to N/55 (a 9.09% increase). This legislation, signed June 29, 2001, provides that all members of the TPAF and the PERS will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments will be based on the new original pension.

**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.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2011**

**Note 8. Pension Plans (continued):**

**Three-Year Trend Information for PERS**

Year Funding	Annual Pension Cost (APC)	Excess Pension Asset Credit	Percentage of APC Contributed	Net Pension Obligation
6/30/11	\$67,315	\$ -	100%	\$67,315
6/30/10	53,325	-	100%	53,325
6/30/09	50,031	-	100%	50,031

**Three-Year Trend Information for TPAF (Paid on behalf of the District)**

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/11	\$224,919	100%	\$ -0-
6/30/10	223,752	100%	-0-
6/30/09	205,248	100%	-0-

During the year ended June 30, 2011 the State of New Jersey contributed \$224,919 to the TPAF for normal post-retirement 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 \$236,556 for 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 combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

**Note 9. Post-Retirement Benefits**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (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 P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS (continued):  
 JUNE 30, 2011**

**Note 9. Post-Retirement Benefits (continued):**

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.

The Board of Education has an agreement with the former Superintendent of the School, which provides that he shall receive retirement, medical coverage for himself and his dependents, so long as he shall live. Benefits are currently being provided for the former Superintendent and his dependents under the Board provided Prescription Plan. The annual cost to the Board during the 2010-2011 school year was \$6,060. The Board funds these payments on an annual basis.

**Note 10. Risk Management**

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

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

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

<b>Fiscal Year</b>	<b>District Contributions</b>	<b>Employee Contributions</b>	<b>Amount Reimbursed</b>	<b>Ending Balance</b>
2010-2011	\$204	\$18,882	\$23,559	\$30,177
2009-2010	182	8,451	344	29,973
2008-2009	286	8,719	5,800	21,684

**Note 11. GASB #54 – Fund Balance Disclosure**

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Medford Lakes Borough Board of Education classifies governmental fund balances as follows:

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2011**

**Note 11. GASB #54 – Fund Balance Disclosure (continued):**

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by external parties, constitutional provision or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Administrator.
- Unassigned – includes balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

**General Fund** – of the \$779,969 General Fund fund balance at June 30, 2011, \$1 has been restricted for the Capital Reserve Account; \$55,373 has been restricted for the Emergency Reserve Account; \$55,356 has been restricted for the Maintenance Reserve Account; \$58,399 is restricted for excess surplus – prior year - designated for subsequent years expenditures; \$137,263 is restricted for excess surplus – current year; \$220,000 is assigned to designated by the Board of Education for subsequent year’s expenditures, \$72,664 is assigned to other purposes and \$180,913 is unassigned.

**Debt Service Fund** – The Debt Service Fund fund has an assigned fund balance at June 30, 2011 of \$28,061.

**Note 12. Interfund Receivables and Payables**

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

<b>Fund</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
General Fund	\$ 28,159	\$ 70,576
Special Revenue Fund	1,054	
Capital Projects Fund	30,000	
Proprietary Fund	39,522	
Trust & Agency Fund	<u>13,719</u>	<u>41,878</u>
Total	<u>\$112,454</u>	<u>\$112,454</u>

The Purpose of these interfunds were short-term borrowings.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2011**

**Note 13. Deferred Compensation**

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

Lincoln Investment

Equivest

MetLife Company

**Note 14. Compensated Absences**

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

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for specified dollar amount per sick day accumulated and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net assets under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2011 is \$103,639.

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

**Note 15. Economic Dependency**

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

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS (continued):**  
**JUNE 30, 2011**

**Note 16. Joint Insurance Fund**

The District participates in the Burlington County Insurance Pool Joint Insurance Fund (BCIPJIF), public entity risk pool. Coverage under this joint plan offers workers' compensation, boiler and machinery, automobile liability, general liability, property, crime and school board legal liability coverage. The District is assessed for the contributions for those funds and is responsible for any reserve deficiencies.

No contingency provision has been made in these financial statements as no deficiencies occurred as of June 30, 2011 for the joint insurance pool.

**Note 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 Restricted Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey School Funding Reform Act of 2008 (SFRA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2011 is \$137,263.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**



### C. Budgetary Comparison Schedules



**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
<b>Revenues:</b>											
<b>Local Sources:</b>											
Local Tax Levy	10-1210	\$5,070,796		5,070,796	5,070,796		4,949,681		4,949,681	4,949,681	
Miscellaneous	10-1XXX	211,447		211,447	213,723	2,276	187,223		187,223	217,580	30,357
<b>Total Local Sources</b>		<b>5,282,243</b>		<b>5,282,243</b>	<b>5,284,519</b>	<b>2,276</b>	<b>5,136,904</b>		<b>5,136,904</b>	<b>5,167,261</b>	<b>30,357</b>
<b>State Sources:</b>											
Categorical Special Education Aid	10-3132	24,532	267,774	292,306	292,306		285,089		285,089	285,089	
Equalization Aid	10-3176	873,062	(267,774)	605,288	605,288		870,109	(157,878)	712,231	660,899	(51,332)
Categorical Security Aid	10-3177						37,185		37,185	24,170	(13,015)
Categorical Transportation Aid	10-3121						35,694		35,694	23,201	(12,493)
Extraordinary Aid	10-3131				13,546	13,546					
Nonpublic Transportation Aid					4,002	4,002				3,680	3,680
<b>Nonbudgeted:</b>											
On-Behalf TPAF Pension Contributions					224,919	224,919				223,752	223,752
Reimbursed TPAF Social Security Contributions					236,556	236,556				258,483	258,483
<b>Total State Sources</b>		<b>897,594</b>		<b>897,594</b>	<b>1,376,617</b>	<b>479,023</b>	<b>1,228,077</b>	<b>(157,878)</b>	<b>1,070,199</b>	<b>1,479,274</b>	<b>409,075</b>
<b>Federal Sources:</b>											
Education State, Recovery Act	16-4520							151,994	151,994	151,994	
Government Services, Recovery Act	17-4521							5,884	5,884	5,884	
<b>Total Federal Sources</b>								<b>157,878</b>	<b>157,878</b>	<b>157,878</b>	
<b>Total Revenues</b>		<b>6,179,837</b>		<b>6,179,837</b>	<b>6,661,136</b>	<b>481,299</b>	<b>6,364,981</b>		<b>6,364,981</b>	<b>6,804,413</b>	<b>439,432</b>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
<b>Expenditures:</b>												
<b>Current Expense:</b>												
<b>Instruction - Regular Programs:</b>												
<b>Salaries of Teachers:</b>												
	Preschool/Kindergarten	11-110-100-101	118,237	568	118,805	118,695	110	115,717	641	116,358	116,358	
	Grades 1 - 5	11-120-100-101	1,236,930	7,307	1,244,237	1,243,245	992	1,261,582	4,343	1,265,925	1,265,923	2
	Grades 6 - 8	11-130-100-101	676,371	2,242	678,613	678,266	347	684,601	(7,544)	677,057	676,430	627
<b>Home Instruction:</b>												
	Salaries of Teachers	11-150-100-101	3,000	6,314	9,314	9,314		1,000	3,835	4,835	4,835	
	Purchased Professional - Educational Services	11-150-100-320		4,050	4,050	3,420	630					
<b>Regular Programs - Undistributed Instruction:</b>												
	Purchased Technical Services	11-190-100-340	27,262		27,262	27,260	2	27,262	2,139	29,401	29,401	
	Other Purchased Services	11-190-100-500	57,900	(532)	57,368	56,795	573	51,800	(256)	51,544	51,184	360
	General Supplies	11-190-100-610	75,879	(4,083)	71,796	71,448	348	146,399	(31,323)	115,076	106,569	8,507
	Textbooks	11-190-100-640	3,500	1,435	4,935	4,890	45	7,500	15,813	23,313	23,247	66
	Other Objects	11-190-100-890	6,574	(4,159)	2,415	1,449	966	11,150	(759)	10,391	9,245	1,146
<b>Total Regular Programs - Instruction</b>			<b>2,205,653</b>	<b>13,142</b>	<b>2,218,795</b>	<b>2,214,782</b>	<b>4,013</b>	<b>2,307,011</b>	<b>(13,111)</b>	<b>2,293,900</b>	<b>2,283,192</b>	<b>10,708</b>
<b>Special Education:</b>												
<b>Multiple Disabilities:</b>												
	Salaries of Teachers	11-212-100-101						6,032	(6,032)			
	Other Salaries for Instruction	11-212-100-106						1,673	(1,673)			
<b>Total Multiple Disabilities</b>								<b>7,705</b>	<b>(7,705)</b>			
<b>Resource Room/Resource Center:</b>												
	Salaries of Teachers	11-213-100-101	463,952	25,829	489,781	489,304	477	541,761	(38,531)	503,230	499,992	3,238
	Other Salaries for Instruction	11-213-100-106	139,864	(21,927)	117,937	109,460	8,477	150,001	(649)	149,352	148,699	653
	General Supplies	11-213-100-610	1,090	(350)	740	344	396	3,500	(2,239)	1,261	1,253	8
<b>Total Resource Room/Resource Center</b>			<b>604,906</b>	<b>3,552</b>	<b>608,458</b>	<b>599,108</b>	<b>9,350</b>	<b>695,262</b>	<b>(41,419)</b>	<b>653,843</b>	<b>649,944</b>	<b>3,899</b>

56

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Preschool Disabilities - Part Time:											
Salaries of Teachers	11-215-100-101	88,049	1,966	90,015	84,650	5,365	84,292	35,128	119,420	119,415	5
Other Salaries for Instruction	11-215-100-106	17,598	7,421	25,019	24,444	575	17,598	10,115	27,713	27,688	25
General Supplies	11-215-100-610	500	304	804	462	342	1,061	256	1,317	386	931
Total Preschool Disabilities - Part Time		106,147	9,691	115,838	109,556	6,282	102,951	45,499	148,450	147,489	961
Total Special Education		711,053	13,243	724,296	708,664	15,632	805,918	(3,625)	802,293	797,433	4,860
Basic Skills/Remedial:											
Salaries of Teachers	11-230-100-101	37,972	2,426	40,398	38,870	1,528	37,973		37,973	37,655	318
General Supplies	11-230-100-610	1,000	(201)	799	799		2,026	(1,383)	643	643	
Total Basic Skills/Remedial		38,972	2,225	41,197	39,669	1,528	39,999	(1,383)	38,616	38,298	318
School Sponsored Cocurricular Activities - Instruction:											
Salaries	11-401-100-100	31,446	(2,494)	28,952	28,951	1	31,986	18,269	50,255	50,255	
Supplies and Materials	11-401-100-600	1,500	2,037	3,537	1,871	1,666	1,500	(591)	909	909	
Other Objects	11-401-100-800	100	(61)	39		39	100	(100)			
Total School Sponsored Cocurricular Activities		33,046	(518)	32,528	30,822	1,706	33,586	17,578	51,164	51,164	
School Sponsored Athletics - Instruction:											
Salaries of Teachers	11-402-100-100						27,545	(2,797)	24,748	24,748	
Miscellaneous Purchased Service	11-402-100-500						7,562	(4,740)	2,822	2,822	
Supplies and Materials	11-402-100-600						5,344	(2,216)	3,128	3,128	
Other Objects	11-402-100-800		61	61	61		2,550	31	2,581	2,581	
Total School Sponsored Athletics - Instruction			61	61	61		43,001	(9,722)	33,279	33,279	
Total Instruction		2,988,724	28,153	3,016,877	2,993,998	22,879	3,229,515	(10,263)	3,219,252	3,203,366	15,886

57

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Undistributed Expenditures:											
Instruction:											
Tuition to Other LEA's											
Regular - Within State	11-000-100-561		4,846	4,846		4,846					
Tuition to Private School for Disabled - Within State	11-000-100-566	127,628	(38,962)	88,666	85,908	2,758	129,837	(11,984)	117,853	73,359	44,494
<b>Total Undistributed Expenditures - Instruction</b>		<b>127,628</b>	<b>(34,116)</b>	<b>93,512</b>	<b>85,908</b>	<b>7,604</b>	<b>129,837</b>	<b>(11,984)</b>	<b>117,853</b>	<b>73,359</b>	<b>44,494</b>
Attendance & Social Work:											
Salaries	11-000-211-100	8,408	1,703	10,111	10,111		8,732	614	9,346	9,196	150
Purchased Professional - Technical Services	11-000-211-300	11,000	869	11,869	11,200	669	10,120	400	10,520	10,520	
Other Purchased Professional Services	11-000-211-500	100		100		100	500	(400)	100		100
Supplies and Materials	11-000-211-600	100		100		100	100		100		100
<b>Total Attendance &amp; Social Work</b>		<b>19,608</b>	<b>2,572</b>	<b>22,180</b>	<b>21,311</b>	<b>869</b>	<b>19,452</b>	<b>614</b>	<b>20,066</b>	<b>19,716</b>	<b>350</b>
Health Services:											
Salaries	11-000-213-100	108,660	(3,947)	104,713	104,697	16	108,660	(2,307)	106,353	106,353	
Purchased Professional & Technical Services	11-000-213-300	58,312	(1,075)	57,237	44,160	13,077	39,700	(16,713)	22,987	22,851	136
Other Purchased Services	11-000-213-500	500	(500)				500	72	572	572	
Supplies and Materials	11-000-213-600	1,136	498	1,634	1,622	12	1,417	1,386	2,803	2,779	24
<b>Total Health Services</b>		<b>168,608</b>	<b>(5,024)</b>	<b>163,584</b>	<b>150,479</b>	<b>13,105</b>	<b>150,277</b>	<b>(17,562)</b>	<b>132,715</b>	<b>132,555</b>	<b>160</b>
Other Support Services - Students - Related Services:											
Salaries	11-000-216-100	51,285	(6,873)	44,412	43,747	665	50,019	1,291	51,310	51,310	
Purchased Professional - Educational Services	11-000-216-320	3,140	13,167	16,307	11,287	5,020	13,165	15,829	28,994	28,994	
Supplies and Materials	11-000-216-600						500	92	592	294	298

58

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total Other Support Services - Students - Related Services	54,425	6,294	60,719	55,034	5,685	63,684	17,212	80,896	80,598	298
Other Support Services - Students - Regular:										
Salaries of Other Professional Staff	11-000-218-104	42,258	893	43,151	43,151	69,281		69,281	69,281	
Other Purchased Professional & Technical Services	11-000-218-390	3,000	(2,467)	533		533	3,000	(3,000)		
Supplies and Materials	11-000-218-600	494		494	344	150	1,704	(820)	884	884
Total Other Support Services - Students - Regular		45,752	(1,574)	44,178	43,495	683	73,985	(3,820)	70,165	70,165
Other Support Services - Students - Special Services:										
Salaries of Other Professional Staff	11-000-219-104	213,990	(44,879)	169,111	165,554	3,557	177,536	8,821	186,357	186,357
Salaries of Secretarial & Clerical Assistants	11-000-219-105	37,460	555	38,015	37,768	247	37,459	(200)	37,259	37,259
Purchased Professional & Educational Services	11-000-219-320	10,000	28,602	38,602	39,884	(1,282)	10,000	(904)	9,096	9,096
Other Purchased Professional & Technical Services	11-000-219-390	1,000	(193)	807		807	1,000	(1,000)		
Miscellaneous Purchased Services	11-000-219-592	4,100		4,100	2,788	1,312	5,500	(1,989)	3,511	3,299
Supplies and Materials	11-000-219-600	1,208	688	1,896	1,839	57	2,001	459	2,460	1,843
Other Objects	11-000-219-800	2,500	(688)	1,812	1,427	385	2,500	(239)	2,261	2,261
Total Other Support Services - Students - Special Services		270,258	(15,915)	254,343	249,260	5,083	235,996	4,948	240,944	240,115
Improvement of Instruction Services/Other Support Services - Instructional Staff:										
Salaries-Supervisors of Instruction	11-000-221-102	41,413		41,413	41,412	1	40,800		40,800	40,800
Other Salaries	11-000-221-110	3,500	(1,850)	1,650	1,650		3,808	(2,353)	1,455	1,455
Other Purchased Services	11-000-221-500	2,000	(1,394)	606	605	1	4,000	(550)	3,450	3,401
Other Objects	11-000-221-800		3,450	3,450	3,450					49

59

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total Improvement of Instruction Services/Other Support Services - Instructional Staff	46,913	206	47,119	47,117	2	48,608	(2,903)	45,705	45,656	49
Educational Media Services/School Library:										
Salaries 11-000-222-100	52,897	(200)	52,697	51,959	738	81,329	(8,262)	73,067	70,295	2,772
Purchased Professional & Technical Services 11-000-222-300	3,900		3,900	3,503	397	3,528		3,528	3,478	50
Other Purchased Services 11-000-222-500	1,800		1,800		1,800	2,000		2,000	1,367	633
Supplies and Materials 11-000-222-600	6,693	3,839	10,532	6,251	4,281	6,271	251	6,522	1,033	5,489
Total Educational Media Services/School Library	65,290	3,639	68,929	61,713	7,216	93,128	(8,011)	85,117	76,173	8,944
Instructional Staff Training Services:										
Salaries of Other Professional Staff 11-000-223-104							302	302	302	
Other Salaries 11-000-223-110		590	590	590						
Purchased Professional Educational Services 11-000-223-320	2,000	597	2,597	1,965	632	2,000	1,532	3,532	3,255	277
Purchased Professional & Technical Services 11-000-223-390	2,500	(2,500)								
Other Purchased Services 11-000-223-500	2,000	(44)	1,956	1,057	899	2,500	49	2,549	2,432	117
Supplies and Materials 11-000-223-600		1,634	1,634	1,634		2,000	(2,000)			
Total Instructional Staff Training Services	6,500	277	6,777	5,246	1,531	6,500	(117)	6,383	5,989	394
Support Services General Administration:										
Salaries 11-000-230-100	177,161	2,339	179,500	179,188	312	175,663	496	176,159	176,159	
Legal Services 11-000-230-331	27,000	1,545	28,545	20,075	8,470	25,000	9,153	34,153	34,153	
Audit Fees 11-000-230-332	13,900	(1,500)	12,400	12,400		13,000	(300)	12,700	12,700	
Architectural/Engineering Service 11-000-230-334	5,000	3,555	8,555	4,275	4,280					
Other Purchased Professional Services 11-000-230-339	11,350	2,265	13,615	8,360	5,255	10,000	9,050	19,050	16,743	2,307
Purchased Technical Services 11-000-230-340	1,000		1,000		1,000	1,000		1,000		1,000

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Support Services General Administration (continued):											
Communications/Telephone	11-000-230-530	30,000	(5,101)	24,899	16,550	8,349	28,000	(2,191)	25,809	19,096	6,713
BOE Other Purchased Services	11-000-230-585	2,000	(1,593)	407		407	2,000		2,000	1,100	900
Other Purchased Services	11-000-230-590	20,560		20,560	11,150	9,410	21,560	(4,456)	17,104	12,353	4,751
Supplies and Materials	11-000-230-610	5,750		5,750	3,634	2,116	5,750	(3,955)	1,795	1,614	181
BOE In-house Training & Meeting Supplies	11-000-230-630	200		200		200	200		200	25	175
BOE Membership Dues	11-000-230-895	6,000		6,000	3,673	2,327	6,800	1,580	8,380	8,333	47
Miscellaneous Expenditures	11-000-230-890	7,000		7,000	6,043	957	6,200		6,200	4,228	1,972
<b>Total Support Services General Administration</b>		<b>306,921</b>	<b>1,510</b>	<b>308,431</b>	<b>265,348</b>	<b>43,083</b>	<b>295,173</b>	<b>9,377</b>	<b>304,550</b>	<b>286,504</b>	<b>18,046</b>
Support Services School Administration:											
Salaries of Principals & Assistant Principals	11-000-240-103	62,119	12,026	74,145	74,145		61,200		61,200	61,200	
Salaries of Secretarial & Clerical Assistants	11-000-240-105	61,057	(2,125)	58,932	55,800	3,132	60,293		60,293	56,185	4,108
Other Purchased Services	11-000-240-500	1,000		1,000		1,000	1,000		1,000		1,000
Supplies and Materials	11-000-240-600	8,900	(3,023)	5,877	5,850	27	9,372	(816)	8,556	5,460	3,096
Other Objects	11-000-240-800	2,300	294	2,594	1,506	1,088	2,040	816	2,856	1,318	1,538
<b>Total Support Services School Administration</b>		<b>135,376</b>	<b>7,172</b>	<b>142,548</b>	<b>137,301</b>	<b>5,247</b>	<b>133,905</b>		<b>133,905</b>	<b>124,163</b>	<b>9,742</b>
Regular Maintenance School Facilities:											
Cleaning, Repair & Maintenance Services	11-000-261-420	38,775		38,775	32,977	5,798	49,500	(2,012)	47,488	35,086	12,402
General Supplies	11-000-261-610	7,700		7,700	728	6,972	10,000	1,114	11,114	9,656	1,458
<b>Total Regular Maintenance School Facilities</b>		<b>46,475</b>		<b>46,475</b>	<b>33,705</b>	<b>12,770</b>	<b>59,500</b>	<b>(898)</b>	<b>58,602</b>	<b>44,742</b>	<b>13,860</b>
Custodial Services:											
Salaries	11-000-262-100	244,797	2,759	247,556	235,459	12,097	191,631	(2,980)	188,651	176,493	12,158
Purchased Professional & Technical Services	11-000-262-300	1,440		1,440	648	792	5,000	(833)	4,167	648	3,519

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Custodial Services (continued):											
Cleaning, Repair & Maintenance Services	11-000-262-420	65,519	(34,189)	31,330	2,505	28,825	151,050	(24,024)	127,026	116,951	10,075
Rental of Land & Building Other than Lease Purchase	11-000-262-441							125	125		125
Other Purchased Property	11-000-262-490	150		150		150					
Insurance	11-000-262-520	26,646	(2,079)	24,567	11,536	13,031	22,123	82	22,205	22,205	
Miscellaneous Purchased Services	11-000-262-590	750		750	57	693		275	275	275	
General Supplies	11-000-262-610	26,652	3,067	29,719	25,301	4,418	27,782	1,191	28,973	23,056	5,917
Energy (Natural Gas)	11-000-262-621	78,000		78,000	47,032	30,968					
Energy (Electricity)	11-000-262-622	135,000		135,000	96,085	38,915	181,516	7,577	189,093	180,203	8,890
Energy (Gasoline)	11-000-262-626	200	(200)								
Other Objects	11-000-262-800	750	292	1,042	1,042		625	1,037	1,662	1,662	
<b>Total Custodial Services</b>		<b>579,904</b>	<b>(30,350)</b>	<b>549,554</b>	<b>419,665</b>	<b>129,889</b>	<b>579,727</b>	<b>(17,550)</b>	<b>562,177</b>	<b>521,493</b>	<b>40,684</b>
Care & Upkeep of Grounds:											
Cleaning, Repair & Maintenance Services	11-000-263-420	3,000	(54)	2,946	586	2,360	1,903	311	2,214	1,896	318
General Supplies	11-000-263-610	2,700	54	2,754	2,647	107	1,000	981	1,981	1,967	14
<b>Total Care &amp; Upkeep of Grounds</b>		<b>5,700</b>		<b>5,700</b>	<b>3,233</b>	<b>2,467</b>	<b>2,903</b>	<b>1,292</b>	<b>4,195</b>	<b>3,863</b>	<b>332</b>
Security:											
Cleaning, Repair & Maintenance Services	11-000-266-420	4,450	6,358	10,808	10,808		10,827	275	11,102	4,740	6,362
General Supplies	11-000-266-610	6,844	(5,972)	872	417	455	26,358	(275)	26,083	960	25,123
<b>Total Security</b>		<b>11,294</b>	<b>386</b>	<b>11,680</b>	<b>11,225</b>	<b>455</b>	<b>37,185</b>		<b>37,185</b>	<b>5,700</b>	<b>31,485</b>
Student Transportation Services:											
Contracted Services (Other Than Between Home & School)	11-000-270-512	300	4,179	4,479		4,479	9,309	(1,522)	7,787	4,981	2,806

62

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	TRANSFERS	BUDGET	FINAL ACTUAL		ORIGINAL BUDGET	TRANSFERS	BUDGET	FINAL ACTUAL	
Student Transportation Services (continued):											
Contracted Services - Joint											
Agreements	11-000-270-515							4,053	4,053	4,053	
Management Fee-ESC & CTS											
Transportation Program	11-000-270-350	6,777	(2,723)	4,054	416	3,638	6,777	(4,175)	2,602	398	2,204
Contracted Services - ESC & CTS:											
Regular Students	11-000-270-517	57,510	5,214	62,724	62,724		54,772	112	54,884	54,884	
Special Education Students	11-000-270-518	128,479	(6,370)	122,109	61,498	60,611	61,354	1,532	62,886	61,720	1,166
Contracted Services - Aid in											
Lieu of Payments	11-000-270-503	9,140	(300)	8,840	8,840		9,140		9,140	7,956	1,184
<b>Total Student Transportation Services</b>		<b>202,206</b>		<b>202,206</b>	<b>133,478</b>	<b>68,728</b>	<b>141,352</b>		<b>141,352</b>	<b>133,992</b>	<b>7,360</b>
Business & Other Support Services:											
Salaries	11-000-251-100	173,425	5	173,430	172,997	433	172,318	(934)	171,384	168,839	2,545
Purchased Professional Services	11-000-251-330	2,000	1,135	3,135	3,135		2,000	994	2,994	2,994	
Purchased Technical Services	11-000-251-340	21,580	(1,135)	20,445	13,216	7,229	13,580	592	14,172	14,172	
Miscellaneous Purchased Services	11-000-251-592	7,000		7,000	4,267	2,733	8,500		8,500	4,626	3,874
Supplies and Materials	11-000-251-600	4,500	312	4,812	4,397	415	4,500	(592)	3,908	3,747	161
Miscellaneous Expenditures	11-000-251-890	2,500	(345)	2,155	1,493	662	3,500	(60)	3,440	1,481	1,959
<b>Total Business &amp; Other Support Services</b>		<b>211,005</b>	<b>(28)</b>	<b>210,977</b>	<b>199,505</b>	<b>11,472</b>	<b>204,398</b>		<b>204,398</b>	<b>195,859</b>	<b>8,539</b>
Administration Information Technology:											
Salaries	11-000-252-100	2,184	33	2,217	2,184	33	4,368		4,368	4,368	
<b>Total Administration Information Technology</b>		<b>2,184</b>	<b>33</b>	<b>2,217</b>	<b>2,184</b>	<b>33</b>	<b>4,368</b>		<b>4,368</b>	<b>4,368</b>	
Unallocated Benefits Employee Benefits:											
Social Security Contributions -											
Other	11-000-291-220	96,000	(2,118)	93,882	68,319	25,563	98,665	(14,401)	84,264	67,180	17,084
Other Retirement Contributions	11-000-291-241	67,000	315	67,315	67,315		67,469		67,469	53,325	14,144
Unemployment Compensation	11-000-291-250	45,000	(32,310)	12,690	12,690						
Other Employee Benefits	11-000-291-290	20,000	11,933	31,933	31,932	1	13,000	187	13,187	13,187	

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	TRANSFERS	FINAL BUDGET	ACTUAL	
Unallocated Benefits Employee Benefits (continued):											
Workmen's Compensation	11-000-291-260	33,200	(4,221)	28,979	19,475	9,504	30,200		30,200	29,894	306
Health Benefits	11-000-291-270	817,815	76,531	894,346	821,146	73,200	852,780	7,366	860,146	782,772	77,374
Tuition Reimbursements	11-000-291-280	17,000	(933)	16,067	10,087	5,980	17,000		17,000	12,477	4,523
<b>Total Unallocated Benefits - Employee Benefits</b>		<b>1,096,015</b>	<b>49,197</b>	<b>1,145,212</b>	<b>1,030,964</b>	<b>114,248</b>	<b>1,079,114</b>	<b>(6,848)</b>	<b>1,072,266</b>	<b>958,835</b>	<b>113,431</b>
Nonbudgeted:											
On-Behalf TPAF Pension Contributions					224,919	(224,919)				223,752	(223,752)
Reimbursed TPAF Social Security Contributions					236,556	(236,556)				258,483	(258,483)
<b>Total Undistributed Expenditures</b>		<b>3,402,062</b>	<b>(15,721)</b>	<b>3,386,341</b>	<b>3,417,646</b>	<b>(31,305)</b>	<b>3,359,092</b>	<b>(36,250)</b>	<b>3,322,842</b>	<b>3,506,080</b>	<b>(183,238)</b>
<b>Total Expenditures - Current Expense</b>		<b>6,390,786</b>	<b>12,432</b>	<b>6,403,218</b>	<b>6,411,644</b>	<b>(8,426)</b>	<b>6,588,607</b>	<b>(46,513)</b>	<b>6,542,094</b>	<b>6,709,446</b>	<b>(167,352)</b>
Capital Outlay:											
Undistributed Expenditures:											
Instruction	12-000-100-730	5,250	(202)	5,048	4,451	597					
Administration	12-000-240-730	2,750	2,500	5,250	3,229	2,021					
Special Schools - Equipment	12-XXX-X00-730							17,975	17,975	15,677	2,298
Special Education - Instruction:											
General Administration	12-000-230-730							2,298	2,298	2,298	
<b>Total Equipment</b>		<b>8,000</b>	<b>2,298</b>	<b>10,298</b>	<b>7,680</b>	<b>2,618</b>		<b>20,273</b>	<b>20,273</b>	<b>17,975</b>	<b>2,298</b>
Facilities Acquisition & Construction Services:											
Other Purchased Professional & Construction Services	12-000-400-450		9,016	9,016		9,016	17,000	85,264	102,264	52,264	50,000
Supplies & Materials	12-000-400-600	2,000	(2,000)								
Infrastructure	12-000-400-780						12,000	(12,000)			
Other Objects	12-000-400-800	22,767		22,767	22,767						
<b>Total Facilities Acquisition &amp; Construction Services</b>		<b>24,767</b>	<b>7,016</b>	<b>31,783</b>	<b>22,767</b>	<b>9,016</b>	<b>29,000</b>	<b>73,264</b>	<b>102,264</b>	<b>52,264</b>	<b>50,000</b>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	JUNE 30, 2011				POSITIVE/ (NEGATIVE)	JUNE 30, 2010				POSITIVE/ (NEGATIVE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Total Capital Outlay	32,767	9,314	42,081	30,447	11,634	29,000	93,537	122,537	70,239	52,298
Total Expenditures	6,423,553	21,746	6,445,299	6,442,091	3,208	6,617,607	47,024	6,664,631	6,779,685	(115,054)
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	(243,716)	(21,746)	(265,462)	219,045	484,507	(252,626)	(47,024)	(299,650)	24,728	324,378
Other Financing Sources/(Uses): Transfer to Capital Projects			12-000-400-931	(30,000)	(30,000)	(30,000)				
Total Other Financing Sources/(Uses)			(30,000)	(30,000)	(30,000)					
Excess/(Deficiency) of Revenues & Other Financing Sources/(Uses) Over/(Under) Expenditures & Other Financing Uses	(243,716)	(51,746)	(295,462)	189,045	484,507	(252,626)	(47,024)	(299,650)	24,728	324,378
Fund Balances, July 1	677,559		677,559	677,559		652,831		652,831	652,831	
Fund Balances, June 30	\$433,843	(51,746)	382,097	866,604	484,507	400,205	(47,024)	353,181	677,559	324,378

**RECAPITULATION OF FUND BALANCE:**

<b>Restricted Fund Balance:</b>	
Excess Surplus	\$137,263
Capital Reserve	1
Maintenance Reserve	55,356
Emergency Reserve	55,373
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	58,399
<b>Assigned Fund Balance:</b>	
Designated for Subsequent Year's Expenditures	220,000
Year-End Encumbrances	72,664
<b>Unassigned Fund Balance</b>	<u>267,548</u>
Subtotal	866,604
Reconciliation to Governmental Fund Schedules (GAAP):	
Last Two State Aid Payments Not Recognized on GAAP Basis	<u>(86,635)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$779,969</u>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
AMERICAN RECOVERY AND REINVESTMENT ACT  
BUDGET AND ACTUAL  
FOR FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

REVENUES	ACCOUNT NUMBERS	JUNE 30, 2011			VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010			VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET ACTUAL	
Federal Sources:									
Education State, Recovery Act	16-4520	\$ -				151,994	151,994	151,994	
Government Services, Recovery Act	17-4521					5,884	5,884	5,884	
<b>Total Revenues</b>						<b>157,878</b>	<b>157,878</b>	<b>157,878</b>	
EXPENDITURES:									
Instruction:									
ARRA - State Fiscal Stabilization Fund:									
Education Stabilization Fund:									
Salaries of Teachers - Kind	16-110-100-101					5,413	5,413	5,413	
Salaries of Teachers Gr 1-5	16-120-100-101					93,737	93,737	93,737	
Salaries of Teachers Gr 6-8	16-130-100-101					52,844	52,844	52,844	
<b>Total Education Stabilization Fund</b>						<b>151,994</b>	<b>151,994</b>	<b>151,994</b>	
ARRA - State Fiscal Stabilization Fund - ESF:									
Government Services Fund:									
Salaries of Teachers - Kind	17-110-100-101					5,884	5,884	5,884	
<b>Total Government Services Fund</b>						<b>5,884</b>	<b>5,884</b>	<b>5,884</b>	
<b>Total State Fiscal Stabilization Fund</b>						<b>157,878</b>	<b>157,878</b>	<b>157,878</b>	
<b>Total Expenditures</b>						<b>157,878</b>	<b>157,878</b>	<b>157,878</b>	
<b>Total Outflows</b>						<b>157,878</b>	<b>157,878</b>	<b>157,878</b>	
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures & Other Financing Sources/(Uses)		\$ -	-	-	-	-	-	-	-

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	JUNE 30, 2011				VARIANCE POSITIVE/ (NEGATIVE)	JUNE 30, 2010				VARIANCE POSITIVE/ (NEGATIVE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
<b>REVENUES:</b>										
State Sources		31	31	31			853	853	822	(31)
Federal Sources	\$108,191	113,870	222,061	203,394	(18,667)	106,343	153,696	260,039	173,613	(86,426)
Local Sources		13,683	13,683	13,683			38,345	38,345	37,711	(634)
<b>Total Revenues</b>	<b>108,191</b>	<b>127,584</b>	<b>235,775</b>	<b>217,108</b>	<b>(18,667)</b>	<b>106,343</b>	<b>192,894</b>	<b>299,237</b>	<b>212,146</b>	<b>(87,091)</b>
<b>EXPENDITURES:</b>										
Instruction:										
Salaries of Teachers		10,609	10,609	10,609			48,134	48,134	26,616	21,518
Purchase Professional & Educational Services	49,361	49,473	98,834	94,912	3,922	63,787	1,070	64,857	27,659	37,198
General Supplies	6,907	14,248	21,155	16,872	4,283	13,056	41,432	54,488	36,612	17,876
<b>Total Instruction</b>	<b>56,268</b>	<b>74,330</b>	<b>130,598</b>	<b>122,393</b>	<b>8,205</b>	<b>76,843</b>	<b>90,636</b>	<b>167,479</b>	<b>90,887</b>	<b>76,592</b>
Support Services:										
Salaries of Secretarial Clerical		9,472	9,472	9,444	28		9,464	9,464	9,464	
Personal Services - Employee Benefits		2,036	2,036	2,036			4,667	4,667	1,852	2,815
Purchased Professional - Educational Services	51,923	25,976	77,899	67,465	10,434	29,500	44,059	73,559	71,191	2,368
Other Purchased Services		418	418	418						
Supplies & Materials		5,065	5,065	5,065			20,874	20,874	17,443	3,431
<b>Total Support Services</b>	<b>51,923</b>	<b>42,967</b>	<b>94,890</b>	<b>84,428</b>	<b>10,462</b>	<b>29,500</b>	<b>79,064</b>	<b>108,564</b>	<b>99,950</b>	<b>8,614</b>
Facilities Acquisition & Construction Services:										
Instructional Equipment		10,287	10,287	10,287			23,194	23,194	21,309	1,885
<b>Total Facilities Acquisition &amp; Construction Services</b>		<b>10,287</b>	<b>10,287</b>	<b>10,287</b>			<b>23,194</b>	<b>23,194</b>	<b>21,309</b>	<b>1,885</b>
<b>Total Expenditures</b>	<b>108,191</b>	<b>127,584</b>	<b>235,775</b>	<b>217,108</b>	<b>18,667</b>	<b>106,343</b>	<b>192,894</b>	<b>299,237</b>	<b>212,146</b>	<b>87,091</b>
<b>Total Outflows</b>	<b>108,191</b>	<b>127,584</b>	<b>235,775</b>	<b>217,108</b>	<b>18,667</b>	<b>106,343</b>	<b>192,894</b>	<b>299,237</b>	<b>212,146</b>	<b>87,091</b>
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures & Other Financing Sources/(Uses)	-	-	-	-	-	-	-	-	-	-



**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**



**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

	GENERAL FUND N-1	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$6,661,136	217,108
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		16,682
State aid revenue adjustment due to last state aid payment not being recognized in accordance with GASB No. 33		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year	122,007	
Current Year	(86,635)	
	\$6,696,508	233,790
Total Revenues as Reported on the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$6,696,508	233,790
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$6,442,091	217,108
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		16,682
		16,682
Total Expenditures as Reported on the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$6,442,091	233,790

N-1 The general fund budget uses GAAP basis therefore no reconciliation is necessary.



**OTHER SUPPLEMENTARY INFORMATION**



D. School Based Budget Schedules

Not Applicable



E. Special Revenue Fund



**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES  
AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(With Comparative Totals for June 30, 2010)**

	NO CHILD LEFT BEHIND		MEDFORD LAKES EDUCATION FOUNDATION	CHARACTER EDUCATION	MISCELLANEOUS LOCAL GRANTS	I.D.E.A. PART B BASIC	I.D.E.A. PART B PRESCHOOL INCENTIVE	ARRA		2011	2010
	TITLE II A	TITLE IV						I.D.E.A. PART B BASIC	I.D.E.A. PART B PRESCHOOL INCENTIVE		
<b>Revenues:</b>											
State Sources				31						31	822
Federal Sources	\$10,479	278				138,113	8,652	43,110	2,762	203,394	173,613
Local Sources			11,315		2,368					13,683	37,711
<b>Total Revenues</b>	<b>\$10,479</b>	<b>278</b>	<b>11,315</b>	<b>31</b>	<b>2,368</b>	<b>138,113</b>	<b>8,652</b>	<b>43,110</b>	<b>2,762</b>	<b>217,108</b>	<b>212,146</b>
<b>Expenditures:</b>											
<b>Instruction:</b>											
Salaries of Teachers						10,609				10,609	26,616
Purchase Professional & Educational Services						52,808		42,104		94,912	27,659
General Supplies	\$434	278	1,028	31	2,368	3,907	5,058	1,006	2,762	16,872	36,612
<b>Total Instruction</b>	<b>434</b>	<b>278</b>	<b>1,028</b>	<b>31</b>	<b>2,368</b>	<b>67,324</b>	<b>5,058</b>	<b>43,110</b>	<b>2,762</b>	<b>122,393</b>	<b>90,887</b>
<b>Support Services:</b>											
Salaries of Secretarial Clerical Personal Services - Employee Benefits						9,444				9,444	9,464
Purchased Professional Services	10,045					2,036	3,594			2,036	1,852
Other Purchased Services						53,826				67,465	71,191
Supplies & Materials						418				418	
						5,065				5,065	17,443
<b>Total Support Services</b>	<b>10,045</b>					<b>70,789</b>	<b>3,594</b>			<b>84,428</b>	<b>99,950</b>
<b>Facilities Acquisition &amp; Construction Services:</b>											
Instructional Equipment			10,287							10,287	21,309
<b>Total Facilities Acquisition &amp; Construction Services</b>			<b>10,287</b>							<b>10,287</b>	<b>21,309</b>
<b>Total Expenditures</b>	<b>\$10,479</b>	<b>278</b>	<b>11,315</b>	<b>31</b>	<b>2,368</b>	<b>138,113</b>	<b>8,652</b>	<b>43,110</b>	<b>2,762</b>	<b>217,108</b>	<b>212,146</b>



F. Capital Projects Fund



**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

PROJECT TITLE/ISSUE	ORIGINAL DATE	APPROPRIATIONS	EXPENDITURES TO DATE		SDA GRANT AWARD	TRANSFER FROM GENERAL FUND	UNEXPENDED BALANCE JUNE 30, 2011
			PRIOR YEARS	CURRENT YEAR			
Nokomis Elementary HVAC Replacements	2/3/2011	\$18,750	\$ -	16,978	7,500	11,250	1,772
Neeta Elementary HVAC Repair and Replacement	2/3/2011	31,250		25,738	12,500	18,750	5,512
	Total		\$ -	42,716	20,000	30,000	7,284

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE-BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Revenues & Other Financing Sources:	
State Sources - SDA	\$20,000
Transfer from General Fund	30,000
	<hr/>
Total Revenues	50,000
	<hr/>
Expenditures & Other Financing Uses:	
Purchased Professional & Technical Services	6,204
Construction Services	36,512
	<hr/>
Total Expenditures	42,716
	<hr/>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	7,284
	<hr/>
Fund Balance - Beginning	
	<hr/>
Fund Balance - Ending	\$7,284
	<hr/> <hr/>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND  
PROJECT STATUS - BUDGETARY BASIS  
NOKOMIS ELEMENTARY SCHOOL HVAC REPLACEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SCC Grant	\$ -	7,500	7,500	7,500
Transfers In		11,250	11,250	11,250
<b>Total Revenues</b>		<b>18,750</b>	<b>18,750</b>	<b>18,750</b>
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services		2,566	2,566	2,566
Construction Services		14,412	14,412	14,412
<b>Total Expenditures</b>		<b>16,978</b>	<b>16,978</b>	<b>16,978</b>
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ -	1,772	1,772	1,772

**ADDITIONAL PROJECT INFORMATION**

Project Number	3070-050-10-1002
Grant Date	2/3/2011
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$18,750
Additional Authorized Cost	
Revised Authorized Cost	\$18,750
Percentage Increase Over Original Authorized Cost	
Percentage Completion	91%
Original Target Completion Date	6/30/2011
Revised Target Completion Date	N/A

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND  
PROJECT STATUS - BUDGETARY BASIS  
NEETA ELEMENTARY SCHOOL HVAC REPAIR AND REPLACEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SCC Grant	\$ -	12,500	12,500	12,500
Transfers In		18,750	18,750	18,750
<b>Total Revenues</b>		<b>31,250</b>	<b>31,250</b>	<b>31,250</b>
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services		3,638	3,638	3,638
Construction Services		22,100	22,100	22,100
<b>Total Expenditures</b>		<b>25,738</b>	<b>25,738</b>	<b>25,738</b>
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ -	5,512	5,512	5,512

**ADDITIONAL PROJECT INFORMATION**

Project Number	3070-040-10-2001
Grant Date	2/3/2011
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$31,250
Additional Authorized Cost	
Revised Authorized Cost	\$31,250
Percentage Increase Over Original Authorized Cost	
Percentage Completion	82%
Original Target Completion Date	6/30/2011
Revised Target Completion Date	N/A

## G. Proprietary Funds



Enterprise Funds



**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING SCHEDULE OF NET ASSETS  
AS OF JUNE 30, 2011  
(With Comparative Totals for June 30, 2010)**

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	FOOD SERVICE	2011	2010
Cash & Cash Equivalents	\$23,902	23,902	21,719
Accounts Receivable:			
Interfunds	39,522	39,522	31,634
Federal	471	471	1,204
Total Assets	<u>63,895</u>	<u>63,895</u>	<u>54,557</u>
NET ASSETS			
Unrestricted	<u>63,895</u>	<u>63,895</u>	<u>54,557</u>
Total Net Assets	<u><u>\$63,895</u></u>	<u><u>63,895</u></u>	<u><u>54,557</u></u>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
AS OF JUNE 30, 2011  
(With Comparative Totals for June 30, 2010)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	FOOD SERVICE	2011	2010
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs:			
Special Milk Program	\$11,208	11,208	11,240
Total Operating Revenues	11,208	11,208	11,240
Operating Expenses:			
Cost of Sales	9,324	9,324	10,144
Total Operating Expenses	9,324	9,324	10,144
Operating Income/(Loss)	1,884	1,884	1,096
Nonoperating Revenues/(Expenses):			
Federal Sources:			
Special Milk Program	7,155	7,155	6,400
Interest & Investment Revenue	299	299	276
Total Nonoperating Revenues/(Expenses)	7,454	7,454	6,676
Income/(Loss) Before Contributions & Transfers	9,338	9,338	7,772
Change in Net Assets	9,338	9,338	7,772
Total Net Assets - Beginning	54,557	54,557	46,785
Total Net Assets - Ending	\$63,895	63,895	54,557

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION**  
**FOOD SERVICE ENTERPRISE FUND**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**AS OF JUNE 30, 2010**  
**(With Comparative Totals for June 30, 2009)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	FOOD SERVICE	2011	2010
Cash Flows From Operating Activities:			
Receipts from Customers	\$11,208	11,208	11,240
Payments to Suppliers	(9,324)	(9,324)	(10,144)
Net Cash Provided/(Used) by Operating Activities	1,884	1,884	1,096
Cash Flows From Noncapital Financing Activities:			
Federal Sources	7,888	7,888	5,830
Interfunds Receivable	(7,888)	(7,888)	(5,831)
Net Cash Provided/(Used) by Noncapital Financing Activities			(1)
Cash Flows From Investing Activities:			
Interest & Dividends	299	299	276
Net Cash Provided/(Used) by Investing Activities	299	299	276
Net Increase/(Decrease) in Cash & Cash Equivalents	2,183	2,183	1,371
Balances - Beginning of Year	21,719	21,719	20,348
Balances - End of Year	\$23,902	23,902	21,719

**Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:**

Operating Income/(Loss)	\$1,884	1,884	1,096
Net Cash Provided/(Used) by Operating Activities	\$1,884	1,884	1,096



Internal Service Fund

Not Applicable



## H. Fiduciary Fund



**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBING STATEMENT OF FIDUCIARY NET ASSETS  
AS OF JUNE 30, 2011  
(With Comparative Totals for June 30, 2010)**

ASSETS	PRIVATE PURPOSE				AGENCY FUNDS			2011	2010
	BOOSTER CLUB	SCHOLARSHIP	FLEXIBLE SPENDING TRUST	NEW JERSEY UNEMPLOYMENT TRUST	STUDENT ACTIVITY	PAYROLL AGENCY	NET PAYROLL		
Cash & Cash Equivalents	\$4,661	9,564	2,386	16,458	1,343	67,494	2,406	104,312	85,344
Interfund Receivable				13,719				13,719	13,719
<b>Total Assets</b>	<b>4,661</b>	<b>9,564</b>	<b>2,386</b>	<b>30,177</b>	<b>1,343</b>	<b>67,494</b>	<b>2,406</b>	<b>118,031</b>	<b>99,063</b>
<b>LIABILITIES</b>									
Payroll Deductions & Withholdings						34,183		34,183	33,791
Interfund Payable Due to Student Groups	4,661		1,500			33,311	2,406	41,878	16,980
					1,343			1,343	1,333
<b>Total Liabilities</b>	<b>4,661</b>		<b>1,500</b>		<b>1,343</b>	<b>67,494</b>	<b>2,406</b>	<b>77,404</b>	<b>52,104</b>
<b>NET ASSETS</b>									
Unreserved		9,564	886	30,177				40,627	46,959
<b>Total Net Assets</b>	<b>-</b>	<b>9,564</b>	<b>886</b>	<b>30,177</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,627</b>	<b>46,959</b>

77

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
EXPENDABLE TRUST FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(With Comparative Totals for June 30, 2010)**

	PRIVATE PURPOSE				2011	2010
	BOOSTER CLUB	SCHOLARSHIP	FLEXIBLE SPENDING TRUST	UNEMPLOYMENT COMPENSATION TRUST FUND		
Operating Revenue:						
Local Sources:						
Interest on Investments		138	28	204	370	270
Contributions			12,308		12,308	20,636
Total Operating Revenue		138	12,336	204	12,678	20,906
Operating Expenditures:						
Scholarship Payments		200			200	200
Unemployment Remissions						344
Miscellaneous Expenditures	\$4,661		14,149		18,810	9,727
Total Operating Expenditures	4,661	200	14,149		19,010	10,271
Excess/(Deficit) of Revenues						
Over Expenditures	(4,661)	(62)	(1,813)	204	(6,332)	10,635
Fund Balances, July 1	4,661	9,626	2,699	29,973	46,959	36,324
Fund Balance, June 30	-	9,564	886	30,177	40,627	46,959

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
STUDENT ACTIVITY FUND  
SCHEDULE OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	BALANCE JUNE 30, 2010	CASH RECEIPTS	DISBURSEMENTS	BALANCE JUNE 30, 2011
Elementary School	\$1,333	6,711	6,701	1,343
Total	<u>\$1,333</u>	<u>6,711</u>	<u>6,701</u>	<u>1,343</u>

EXHIBIT H-4(1)

**PAYROLL AGENCY FUND  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	BALANCE JUNE 30, 2010	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2011
<b>ASSETS</b>				
Cash & Cash Equivalents	\$48,504	2,007,157	1,988,167	67,494
Total Assets	<u>\$48,504</u>	<u>2,007,157</u>	<u>1,988,167</u>	<u>67,494</u>
<b>LIABILITIES:</b>				
Payroll Deductions & Withholdings	\$33,791	1,988,559	1,988,167	34,183
Interfund Payable - Unemployment	13,719			13,719
Interfund Payable - General Fund	994	18,598		19,592
Total Liabilities	<u>\$48,504</u>	<u>2,007,157</u>	<u>1,988,167</u>	<u>67,494</u>

EXHIBIT H-4(2)

**NET PAYROLL AGENCY FUND  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	BALANCE JUNE 30, 2010	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2011
<b>ASSETS</b>				
Cash & Cash Equivalents	\$767	2,500,479	2,498,840	2,406
Total Assets	<u>\$767</u>	<u>2,500,479</u>	<u>2,498,840</u>	<u>2,406</u>
<b>LIABILITIES</b>				
Interfund Payable Net Payroll	\$767	1,639		2,406
		2,498,840	2,498,840	
Total Liabilities	<u>\$767</u>	<u>2,500,479</u>	<u>2,498,840</u>	<u>2,406</u>



## I. Long-Term Debt



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

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JUNE 30, 2010	ISSUED	REFUNDED	RETIRED	BALANCE JUNE 30, 2011
			DATE	AMOUNT						
Addition & Alterations to Neeta School & Alterations to Nokomis School	5/2/2002	\$5,165,000				\$275,000			275,000	
2010 School Refunding Bonds	5/3/2010	3,845,000	5/15/12	\$290,000	2.00%	3,845,000			10,000	3,835,000
			5/15/13	305,000	4.00%					
			5/15/14	310,000	3.00%					
			5/15/15	320,000	3.75%					
			5/15/16	330,000	2.75%					
			5/15/17	335,000	5.00%					
			5/15/18	355,000	5.00%					
			5/15/19	370,000	5.00%					
			5/15/20	385,000	5.00%					
			5/15/21	405,000	5.00%					
			5/15/22	430,000	5.00%					
Total						\$4,120,000			285,000	3,835,000

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	JUNE 30, 2011				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:										
Local Sources:										
Local Tax Levy	\$472,430		472,430	472,430		462,880		462,880	462,880	
Miscellaneous				4,105	4,105					
<b>Total Revenues</b>	<b>472,430</b>		<b>472,430</b>	<b>476,535</b>	<b>4,105</b>	<b>462,880</b>		<b>462,880</b>	<b>462,880</b>	
Expenditures:										
Regular Debt Service:										
Interest	197,515	(10,000)	187,515	163,559	23,956	209,473		209,473	209,473	
Redemption of Principal	275,000	10,000	285,000	285,000		260,000		260,000	260,000	
<b>Total Expenditures</b>	<b>472,515</b>		<b>472,515</b>	<b>448,559</b>	<b>23,956</b>	<b>469,473</b>		<b>469,473</b>	<b>469,473</b>	
Excess/(Deficiency) of Revenues & Other Financing Sources Over/ (Under) Expenditures	(85)		(85)	27,976	28,061	(6,593)		(6,593)	(6,593)	
Fund Balance, July 1	85		85	85		6,678		6,678	6,678	
<b>Fund Balance, June 30</b>		<b>-</b>	<b>-</b>	<b>28,061</b>	<b>28,061</b>	<b>85</b>	<b>-</b>	<b>85</b>	<b>85</b>	<b>-</b>

**STATISTICAL SECTION (Unaudited)**



**MEDFORD LAKES BOROUGH BOARD OF EDUCATION**  
**NET ASSETS BY COMPONENT**  
**LAST EIGHT FISCAL YEARS**  
*(Accrual Basis of Accounting)*

	FISCAL YEAR ENDING JUNE 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
<b>Governmental Activities:</b>								
Invested in Capital Assets, Net of Related Debt	\$2,365,645	2,121,969	1,907,011	1,826,095	1,778,758	1,557,059	1,378,596	985,066
Restricted	205,358	152,989	303,204	254,474	679,597	1,083,397	1,126,724	860,495
Unrestricted	379,618	164,818	104,460	280,582	118,664	(20,702)	72,636	518,202
<b>Total Governmental Activities Net Assets</b>	<b>\$2,950,621</b>	<b>2,439,776</b>	<b>2,314,675</b>	<b>2,361,151</b>	<b>2,577,019</b>	<b>2,619,754</b>	<b>2,577,956</b>	<b>2,363,763</b>
<b>Business-Type Activities:</b>								
Unrestricted	\$63,895	54,557	46,785	34,990	26,928	19,768	11,964	8,760
<b>Total Business-Type Activities Net Assets</b>	<b>\$63,895</b>	<b>54,557</b>	<b>46,785</b>	<b>34,990</b>	<b>26,928</b>	<b>19,768</b>	<b>11,964</b>	<b>8,760</b>
<b>District-Wide:</b>								
Invested in Capital Assets, Net of Related Debt	\$2,365,645	2,121,969	1,907,011	1,826,095	1,778,758	1,557,059	1,378,596	985,066
Restricted	205,358	152,989	303,204	254,474	679,597	1,083,397	1,126,724	860,495
Unrestricted	443,513	219,375	151,245	315,572	145,592	(934)	84,600	526,962
<b>Total District Net Assets</b>	<b>\$3,014,516</b>	<b>2,494,333</b>	<b>2,361,460</b>	<b>2,396,141</b>	<b>2,603,947</b>	<b>2,639,522</b>	<b>2,589,920</b>	<b>2,372,523</b>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)  
LAST EIGHT FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
Expenses:								
Instruction:								
Regular	\$2,353,857	2,350,951	2,262,824	2,224,695	2,123,702	2,001,990	2,049,378	1,924,865
Special Education	708,664	797,433	713,836	887,080	919,501	861,566	771,433	825,125
Other Special Instruction	39,669	38,298	35,676	31,617	36,714	34,685	34,421	33,424
Other Instruction	30,883	84,443	72,739	78,221	60,737	55,172	56,035	55,086
Support Services & Undistributed Costs:								
Tuition	85,908	73,359	206,721	80,025	27,116	47,471	34,060	18,757
Health Services	171,790	152,271	143,930	113,930	104,489	105,661	95,112	95,693
Student & Instruction Related Services	479,334	536,484	434,037	410,376	434,078	466,268	319,601	259,191
Educational Media Services/School Library	61,713	76,173	116,546	106,136	105,662	104,041	98,636	90,641
Instructional Staff Training	5,246	5,989	7,214	6,188	16,637	4,720	6,928	6,873
School Administrative Services	137,301	124,163	153,274	142,429	155,545	130,652	137,553	131,163
General Administrative Services	269,289	299,899	256,071	255,528	253,701	283,898	246,951	234,555
Plant Operations & Maintenance	467,828	575,798	563,337	552,838	626,517	555,617	514,687	401,080
Pupil Transportation	133,478	133,992	232,972	124,023	79,141	70,193	67,223	74,540
Business & Other Support Services	199,505	195,859	183,650	174,506	177,739	181,568	166,526	150,684
Administration Information Technology	2,184	4,368	4,200	4,800	1,720		1,097	
Unallocated Benefits	1,492,439	1,441,070	1,295,937	1,586,964	1,534,096	1,292,082	1,106,696	1,035,919
Interest on Long-Term Debt	179,390	208,590	219,538	245,136	250,682	268,620	294,013	314,282
Change in Compensated Absences	9,444	(20,360)	21,124	(976)	6,057	(30,837)	1,925	2,944
Adjustment to Fixed Assets	(111,391)							
Unallocated Depreciation	209,457	243,195	238,101	231,189	198,204	215,645	271,689	265,452
<b>Total Governmental Activities Expenses</b>	<b>6,925,988</b>	<b>7,321,975</b>	<b>7,161,727</b>	<b>7,254,705</b>	<b>7,112,038</b>	<b>6,649,012</b>	<b>6,273,964</b>	<b>5,920,274</b>
Business-Type Activities:								
Food Service	9,324	10,144	8,875	8,576	5,801	6,489	15,090	27,506
<b>Total Business-Type Activities Expense</b>	<b>9,324</b>	<b>10,144</b>	<b>8,875</b>	<b>8,576</b>	<b>5,801</b>	<b>6,489</b>	<b>15,090</b>	<b>27,506</b>
<b>Total District Expenses</b>	<b>\$6,935,312</b>	<b>7,332,119</b>	<b>7,170,602</b>	<b>7,263,281</b>	<b>7,117,839</b>	<b>6,655,501</b>	<b>6,289,054</b>	<b>5,947,780</b>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)  
LAST EIGHT FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
Program Revenues:								
Governmental Activities:								
Charges for Services:								
Operating Grants & Contributions	\$223,503	167,709	124,056	126,327	171,474	216,010	218,251	182,252
Total Governmental Activities Program Revenues	<u>223,503</u>	<u>167,709</u>	<u>124,056</u>	<u>126,327</u>	<u>171,474</u>	<u>216,010</u>	<u>218,251</u>	<u>182,252</u>
Business-Type Activities:								
Charges for Services:								
Food Service	11,208	11,240	12,248	9,652	7,709	8,565	8,690	8,162
Operating Grants & Contributions	7,155	6,400	8,304	6,553	4,628	5,308	9,496	4,252
Total Business Type Activities Program Revenues	<u>18,363</u>	<u>17,640</u>	<u>20,552</u>	<u>16,205</u>	<u>12,337</u>	<u>13,873</u>	<u>18,186</u>	<u>12,414</u>
Total District Program Revenues	<u>\$241,866</u>	<u>185,349</u>	<u>144,608</u>	<u>142,532</u>	<u>183,811</u>	<u>229,883</u>	<u>236,437</u>	<u>194,666</u>
Net (Expense)/Revenue:								
Governmental Activities	(\$6,702,485)	(7,154,266)	(7,037,671)	(7,128,378)	(6,940,564)	(6,433,002)	(6,055,713)	(5,738,022)
Business-Type Activities	9,039	7,496	11,677	7,629	6,536	7,384	3,096	(15,092)
Total District-Wide Net Expense	<u>(\$6,693,446)</u>	<u>(7,146,770)</u>	<u>(7,025,994)</u>	<u>(7,120,749)</u>	<u>(6,934,028)</u>	<u>(6,425,618)</u>	<u>(6,052,617)</u>	<u>(5,753,114)</u>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)  
LAST EIGHT FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
General Revenues & Other Changes in Net Assets:								
Governmental Activities:								
Taxes:								
Property Taxes, Levied for General Purposes, Net	\$5,070,796	4,949,681	4,759,309	4,602,225	4,445,864	4,263,167	4,018,424	3,872,693
Taxes Levied for Debt Service	472,430	462,880	470,973	300,474	485,688	455,214	593,701	586,133
Federal & State Aid Not Restricted	1,428,593	1,609,848	1,561,499	1,794,462	1,733,879	1,457,983	1,399,753	1,362,753
Miscellaneous Revenue	231,511	255,291	199,414	199,073	222,798	244,432	187,341	142,054
Tuition Received				16,275	9,601	53,994	70,697	90,877
Amortization of Bond Premiums (Net of Costs and Losses)	10,000	1,667						
Total Governmental Activities	7,213,330	7,279,367	6,991,195	6,912,509	6,897,830	6,474,790	6,269,916	6,054,510
Business-Type Activities:								
Investment Earnings	299	276	118	433	624	420	108	
Total Business-Type Activities	299	276	118	433	624	420	108	
Total District-Wide	\$7,213,629	7,279,643	6,991,313	6,912,942	6,898,454	6,475,210	6,270,024	6,054,510
Change in Net Assets:								
Governmental Activities	\$510,845	125,101	(46,476)	(215,869)	(42,734)	41,788	214,203	316,488
Business-Type Activities	9,338	7,772	11,795	8,062	7,160	7,804	3,204	(15,092)
Total District	\$520,183	132,873	(34,681)	(207,807)	(35,574)	49,592	217,407	301,396

MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
FUND BALANCES AND GOVERNMENTAL FUNDS  
LAST NINE FISCAL YEARS

98

	FISCAL YEAR ENDING JUNE 30,								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund:									
Restricted	\$306,392	196,477	352,728	275,501	522,553	859,565	780,791	767,120	393,028
Assigned	292,664	227,402							
Unassigned	180,913	131,673	188,998	374,013	213,071	67,648	191,823	97,645	242,553
Total General Fund	\$779,969	555,552	541,726	649,514	735,624	927,213	972,614	864,765	635,581
All Other Governmental Funds:									
Restricted								156,825	4,622,538
Assigned, Reported in:									
Capital Projects Fund	\$7,284				171,543	240,837	368,817	381,720	904,229
Debt Service Fund	28,061	85	6,678	6,595	2	2	1	36	36
Total All Other Governmental Funds	\$35,345	85	6,678	6,595	171,545	240,839	368,818	538,581	5,526,803

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Revenues</b>										
Tax Levy	\$5,543,226	5,412,561	5,230,282	4,902,699	4,931,552	4,718,381	4,612,125	4,458,826	4,010,375	3,622,794
Tuition Charges				16,275	9,601	53,994	70,697	90,877	53,406	61,698
Miscellaneous	231,511	255,291	199,414	199,073	222,798	244,432	187,341	142,054	187,576	159,994
State Sources	1,432,020	1,469,194	1,577,014	1,794,462	1,784,492	1,533,400	1,455,921	1,424,604	1,437,860	3,244,294
Federal Sources	220,076	308,363	108,541	126,327	120,861	140,593	162,083	120,401	273,118	101,780
<b>Total Revenue</b>	<b>7,426,833</b>	<b>7,445,409</b>	<b>7,115,251</b>	<b>7,038,836</b>	<b>7,069,304</b>	<b>6,690,800</b>	<b>6,488,167</b>	<b>6,236,762</b>	<b>5,962,335</b>	<b>7,190,560</b>
<b>Expenditures</b>										
Current Expense:										
Instruction	3,133,073	3,271,125	3,085,075	3,221,613	3,140,654	2,953,413	2,911,267	2,838,500	2,941,443	2,492,610
Undistributed Expenditures	3,502,074	3,606,030	3,597,889	3,557,743	3,519,418	3,253,612	2,805,803	2,512,329	2,465,145	2,121,422
Capital Outlay	83,450	91,548	69,017	38,525	68,926	32,667	187,223	5,004,008	1,657,121	133,210
Debt Service	448,559	469,473	470,975	472,015	601,188	624,488	645,788	640,963	613,743	375,681
<b>Total Expenditures</b>	<b>7,167,156</b>	<b>7,438,176</b>	<b>7,222,956</b>	<b>7,289,896</b>	<b>7,330,186</b>	<b>6,864,180</b>	<b>6,550,081</b>	<b>10,995,800</b>	<b>7,677,452</b>	<b>5,122,923</b>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	259,677	7,233	(107,705)	(251,060)	(260,882)	(173,380)	(61,914)	(4,759,038)	(1,715,117)	2,067,637
Other Financing Sources/(Uses):										
Proceeds from Borrowing										5,165,000
Cancelled Payables									12,394	
Transfers in	30,000			171,542	69,294	120,000		14,905		
Transfers Out	(30,000)			(171,542)	(69,294)	(120,000)		(14,905)		
<b>Total Other Financing Sources/(Uses)</b>									12,394	5,165,000
<b>Net Change in Fund Balances</b>	<b>\$259,677</b>	<b>7,233</b>	<b>(107,705)</b>	<b>(251,060)</b>	<b>(260,882)</b>	<b>(173,380)</b>	<b>(61,914)</b>	<b>(4,759,038)</b>	<b>(1,702,723)</b>	<b>7,232,637</b>
Debt Service as a Percentage of Noncapital Expenditures	6.33%	6.39%	6.58%	6.51%	8.28%	9.14%	10.15%	10.70%	10.19%	7.53%

Source: District records

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

FISCAL YEAR ENDED JUNE 30,	CLASSROOM RENTAL	INTEREST ON INVESTMENTS	MISCELLANEOUS	TOTAL
2011	\$142,885	12,508	58,330	213,723
2010	142,885	12,508	62,187	217,580
2009	138,398	10,759	31,548	180,705
2008	125,817	35,230	7,709	168,756
2007	119,830	59,088	40,029	218,947
2006	114,120	66,823	41,989	222,932
2005	108,675	36,298	42,368	187,341
2004	-	7,782	119,367	127,149
2003	-	-	87,965	87,965
2002	-	18,594	124,753	143,347

Source: District records

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,  
 LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	COMMERCIAL	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
2010	\$1,028,500	446,100,800	8,574,200	455,703,500	577,611	456,281,111	1.757	491,581,256
2009	476,000	228,453,100	4,363,400	233,292,500	277,038	233,569,538	3.302	493,962,463
2008	521,000	227,566,900	4,390,300	232,478,200	220,690	232,698,890	3.276	483,086,999
2007	745,500	226,717,600	4,390,300	231,853,400	222,020	232,075,420	3.196	449,349,454
2006	745,500	227,007,700	4,330,300	232,083,500	159,914	232,243,414	3.123	413,853,293
2005	1,051,500	227,264,500	3,415,300	231,731,300	201,524	231,932,824	2.997	365,682,306
2004	973,300	226,968,700	3,507,300	231,449,300	246,355	231,695,655	2.853	319,372,234
2003	951,000	226,135,800	3,507,300	230,594,100	293,234	230,887,334	2.746	291,716,266
2002	1,043,300	225,224,500	3,697,300	229,965,100	297,065	230,262,165	2.508	274,108,363
2001	1,182,600	224,737,200	3,697,300	229,617,100	308,946	229,926,046	2.261	265,047,442

Source: Burlington County Abstract of Ratables

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**  
*(Rate per \$100 of Assessed Value)*

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES		
	LOCAL	REGIONAL	TOTAL	BOROUGH		TOTAL
	SCHOOL	SCHOOL	DIRECT	OF	BURLINGTON	DIRECT AND
	SCHOOL	SCHOOL	DIRECT	MEDFORD	COUNTY	OVERLAPPING
				LAKES		TAX RATE
2010	1.215	0.542	1.757	0.590	0.334	2.681
2009	2.317	0.985	3.302	1.153	0.656	5.111
2008	2.247	1.029	3.276	1.141	0.808	5.225
2007	2.113	1.083	3.196	1.099	0.815	5.110
2006	2.124	0.999	3.123	1.030	0.788	4.941
2005	2.035	0.962	2.997	0.969	0.720	4.686
2004	1.990	0.863	2.853	0.875	0.648	4.376
2003	1.931	0.815	2.746	0.851	0.643	4.240
2002	1.748	0.760	2.508	0.808	0.639	3.955
2001	1.576	0.685	2.261	0.724	0.644	3.629

Source: Burlington County Abstract of Ratables

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
PRINCIPAL PROPERTY TAX PAYERS,  
CURRENT YEAR AND TEN YEARS AGO**

TAXPAYER	2011		
	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE
Medford Lakes Country Club	3,008,000	1	0.66%
Taxpayer #1	1,722,800	2	0.38%
Taxpayer #2	756,900	3	0.17%
Taxpayer #3	738,600	4	0.16%
Taxpayer #4	689,700	5	0.15%
Taxpayer #5	682,500	6	0.15%
Taxpayer #6	664,600	7	0.15%
Taxpayer #7	653,800	8	0.14%
Taxpayer #8	649,600	9	0.14%
Taxpayer #9	612,400	10	0.13%
Total	<u>\$10,178,900</u>		<u>2.23%</u>

TAXPAYER	2002		
	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE
Medford Lakes Country Club	\$1,436,400	1	0.625%
Settlers Inn	400,000	2	0.174%
Taxpayer #1	360,000	3	0.157%
Taxpayer #2	334,500	4	0.145%
Taxpayer #3	306,600	5	0.133%
Taxpayer #4	287,800	6	0.125%
Taxpayer #5	286,100	7	0.124%
Taxpayer #6	285,200	8	0.124%
Taxpayer #7	279,900	9	0.122%
Taxpayer #8	278,800	10	0.121%
Total	<u>\$4,255,300</u>		<u>1.85%</u>

Source: Municipal Tax Assessor

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY	
		AMOUNT	PERCENTAGE OF LEVY
2011	\$5,543,226	5,543,226	100.00%
2010	5,412,561	5,412,561	100.00%
2009	5,230,282	5,230,282	100.00%
2008	4,902,699	4,902,699	100.00%
2007	4,931,552	4,931,552	100.00%
2006	4,718,381	4,718,381	100.00%
2005	4,612,125	4,612,125	100.00%
2004	4,458,826	4,458,826	100.00%
2003	4,010,375	4,010,375	100.00%
2002	3,622,794	3,622,794	100.00%

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

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 20,	GOVERNMENTAL ACTIVITIES			TOTAL DISTRICT	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES			
2011	\$3,835,000	-		3,835,000	924.99
2010	4,120,000	-		4,120,000	993.73
2009	4,500,000	-		4,500,000	1,094.89
2008	4,750,000	-		4,750,000	1,157.41
2007	4,990,000	-		4,990,000	1,219.15
2006	5,338,000	2,977		5,340,977	1,294.47
2005	5,688,000	14,418		5,702,418	1,375.73
2004	6,038,000	25,151		6,063,151	1,454.69
2003	6,363,000	28,384		6,391,384	1,531.24
2002	6,643,000	61,103		6,704,103	1,608.47

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

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING		NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS			
2011	\$3,835,000		3,835,000	0.84%	N/A
2010	4,120,000		4,120,000	1.76%	1,094.89
2009	4,500,000		4,500,000	1.93%	1,094.89
2008	4,750,000		4,750,000	2.17%	1,157.41
2007	4,990,000		4,990,000	2.30%	1,219.15
2006	5,338,000		5,338,000	2.32%	1,294.47
2005	5,688,000		5,688,000	2.48%	1,375.73
2004	6,038,000		6,038,000	2.63%	1,454.69
2003	6,363,000		6,363,000	2.77%	1,531.24
2002	6,643,000		6,643,000	2.89%	1,608.47

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2011**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Borough of Medford Lakes	\$3,835,000	100.000%	\$3,835,000
Lenape Regional School District	95,759,000	2.464%	2,359,502
Burlington County	379,858,497	0.946%	3,591,942
Subtotal, Overlapping Debt			9,786,444
Medford Lakes Borough Board of Education			3,835,000
Total Direct & Overlapping Debt			\$13,621,444

Sources: Assessed value data used to estimate applicable percentages provided by the Burlington County Board of Taxation.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Debt Limit	\$14,727,640	14,633,447	14,223,672	13,435,095	12,270,181	10,954,333	9,730,192	8,813,784	8,282,837	7,921,139
Total Net Debt Applicable to Limit	3,835,000	4,120,000	4,500,000	4,750,000	4,990,000	5,338,000	5,688,000	6,038,000	6,363,000	6,643,000
Legal Debt Margin	<u>\$10,892,640</u>	<u>10,513,447</u>	<u>9,723,672</u>	<u>8,685,095</u>	<u>7,280,181</u>	<u>5,616,333</u>	<u>4,042,192</u>	<u>2,775,784</u>	<u>1,919,837</u>	<u>1,278,139</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	26.04%	28.15%	31.64%	35.36%	40.67%	48.73%	58.46%	68.51%	76.82%	83.86%

**Legal Debt Margin Calculation for Fiscal Year 2010**

Equalized Valuation Basis	
2010	\$490,742,516
2009	490,316,309
2008	491,705,160

\$1,472,763,985

Average Equalized Valuation of Taxable Property

\$490,921,328

Debt Limit (3 % of Average Equalization Value)

\$14,727,640

Net Bonded School Debt

3,835,000

Legal Debt Margin

\$10,892,640

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

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

YEAR	POPULATION	BURLINGTON COUNTY PER CAPITA INCOME	UNEMPLOYMENT RATE
2010	4,146	N/A	4.4%
2009	4,110	N/A	4.1%
2008	4,119	46,564	2.3%
2007	4,109	45,463	2.2%
2006	4,142	43,551	3.9%
2005	4,159	40,795	1.7%
2004	4,184	39,606	3.5%
2003	4,189	37,982	3.8%
2002	4,183	37,299	3.8%
2001	4,161	36,912	2.6%

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND TEN YEARS AGO**

	<u>2011</u>	<u>2002</u>
	EMPLOYEES	EMPLOYEES
Medford Lakes Board of Education	<u>95</u>	<u>99</u>
Total	<u><u>95</u></u>	<u><u>99</u></u>

The Borough has no other employers with more than 25 Full Time Employees

**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

INFORMATION NOT CURRENTLY AVAILABLE

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2011	544	\$5,980,616	10,994	-1.56%	44	13/1	543.8	518.7	-2.60%	95.35%
2010	564	6,297,450	11,166	-0.08%	43	13/1	558.3	534.4	0.18%	94.75%
2009	552	6,168,396	11,175	3.30%	43	13/1	559.1	533.4	4.66%	96.63%
2008	544	5,878,118	10,805	-13.30%	45	12/1	534.2	509.9	0.38%	93.73%
2007	544	6,660,072	12,243	8.29%	45	12/1	532.2	508.9	-3.18%	93.55%
2006	549	6,207,025	11,306	7.19%	49	11/1	549.7	528.2	1.46%	96.21%
2005	542	5,717,070	10,548	8.03%	49	11/1	541.8	520.0	-1.17%	95.94%
2004	548	5,350,829	9,764	1.50%	52	11/1	548.2	524.1	-2.52%	95.64%
2003	562	5,406,588	9,620	10.30%	50	11/1	562.4	535.6	6.23%	95.30%
2002	529	4,614,032	8,722	2.47%	49	11/1	529.4	504.7	3.99%	95.41%

Sources: District records

Note: Enrollment based on annual October district count.

- a. Operating expenditures equal total expenditures less debt service and capital outlay.
- b. Teaching staff includes only full-time equivalents of certificated staff.
- c. Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS**

DISTRICT BUILDINGS	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Elementary Schools:										
Neeta School:										
Square Feet	65,573	65,573	65,573	65,573	65,573	65,573	65,573	65,573	45,573	45,573
Capacity (Students)	489	489	489	489	489	489	489	489	340	340
Enrollment	358	356	351	348	356	356	356	359	356	343
Nokomis School:										
Square Feet	20,030	20,030	20,030	20,030	20,030	20,030	20,030	20,030	20,030	20,030
Capacity (Students)	160	160	160	160	160	160	160	160	160	160
Enrollment	186	208	201	190	188	179	179	192	203	173
Number of Schools at June 30, 2011:										
Elementary = 1										
Middle School = 1										

**Source:** District Facilities Office

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS**

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

	*	NEETA SCHOOL	NOKOMIS SCHOOL	TOTAL
2011		21,780	11,925	33,705
2010		27,532	17,210	44,742
2009		24,316	12,777	37,093
2008		42,972	14,315	57,287
2007		44,004	22,160	66,164
2006		37,207	24,479	61,686
2005		26,342	19,879	46,221
2004		20,928	12,717	33,645
2003		16,480	11,930	28,410
2002		16,695	14,651	31,346
Total School Facilities		<u>\$278,256</u>	<u>162,043</u>	<u>440,299</u>

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

Source: District records

**INSURANCE SCHEDULE  
JUNE 30, 2011**

	COVERAGE	DEDUCTIBLE
<b>School Package Policy - Burlington County Insurance Pool - Joint Insurance Fund - BCIPJIF:</b>		
<b>Specialty National Insurance Co.:</b>		
Property - Blanket Building and Contents	\$150,000,000	500
Crime	500,000	500
General & Automobile Liability	10,000,000	
Worker's Compensation	Statutory	
Educator's Legal Liability	10,000,000	
<b>Hartford Steam Boiler &amp; Inspection Company:</b>		
Boiler & Machinery	100,000,000	1,000
<b>AIG Insurance Company:</b>		
Pollution Legal Liability	3,000,000	10,000

Source: District records.



**SINGLE AUDIT SECTION**





Certified Public Accountants & Consultants

EXHIBIT K-1

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

Honorable President and Members  
of the Board of Education  
Medford Lakes Borough  
County of Burlington  
Medford Lakes, New Jersey 08055

We have audited the financial statements of the Board of Education of the Medford Lakes Borough School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated October 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Medford Lakes 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 District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

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

**Compliance and Other Matters**

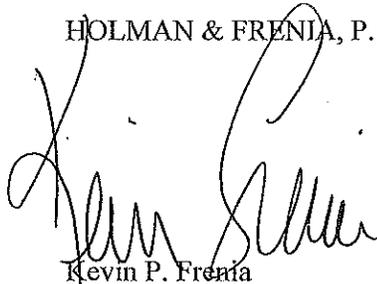
As part of obtaining reasonable assurance about whether the Medford Lakes Borough Board of Education's financial statements are free of material misstatement, we performed tests of its compliance

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

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

Respectfully submitted,

HOLMAN & FRENIA, P. C.

A handwritten signature in black ink, appearing to read 'Kevin P. Frenia', is written over the printed name.

Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant  
No. 1011

Medford, New Jersey  
October 21, 2011



Certified Public Accountants & Consultants

EXHIBIT K-2

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

Honorable President and Members  
of the Board of Education  
Medford Lakes Borough  
County of Burlington  
Medford Lakes, New Jersey 08055

**Compliance**

We have audited the compliance of Board of Education of the Medford Lakes Borough School District, in the County of Burlington, 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 the *New Jersey Grants Compliance Supplement* that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2011. The Board of Education of the Medford Lakes Borough School District'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 that could have a direct and material effect on each of its major state programs is the responsibility of Board of Education of the Medford Lakes Borough School District's management. Our responsibility is to express an opinion on Board of Education of the Medford Lakes Borough School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Board of Education of the Medford Lakes Borough School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Board of Education of the Medford Lakes Borough School District's compliance with those requirements.

In our opinion, the Board of Education of the Medford Lakes Borough School District, County of Burlington, 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.

MEDFORD OFFICE  
618 Stokes Road • Medford, NJ 08055  
Tel: 609.953.0612 • Fax: 609.953.8443  
holmanfrenia.com

TOMS RIVER OFFICE  
10 Allen St., Suite 2B • Toms River, NJ 08753  
Tel: 732.797.1333 • Fax: 732.797.1022  
holmanfrenia.com

## Internal Control Over Compliance

The management of the Board of Education of the Medford Lakes 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 Medford Lakes 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 Medford Lakes Board of Education's internal control over compliance.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the 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. Medford Lakes Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Medford Lakes Board of Education's response and, accordingly, we express no opinion on it.

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

Respectfully submitted,

HOLMAN & FRENIA, P. C.



Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant  
No. 1011

Medford, New Jersey  
October 21, 2011

MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
SCHEDULE OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE			MEMO		
				AT JUNE 30, 2010	CASH RECEIVED	BUDGETARY EXPENDITURES	JUNE 30, 2011 (ACCOUNTS RECEIVABLE)	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
<b>STATE DEPARTMENT OF EDUCATION:</b>									
<b>General Fund:</b>									
State Aid:									
Equalization Aid	11-495-034-5120-078	\$605,288	7/1/10-6/30/11		605,288	(605,288)		58,422	(605,288)
Categorical Special Education Aid	11-495-034-5120-089	292,306	7/1/10-6/30/11		292,306	(292,306)		28,213	(292,306)
Nonpublic Transportation Aid	10-100-034-5120-068	3,680	7/1/09-6/30/10	(\$3,680)	3,680				
Nonpublic Transportation Aid	11-100-034-5120-068	4,002	7/1/10-6/30/11			(4,002)	(4,002)		(4,002)
Extraordinary Aid	11-495-034-5120-044	13,546	7/1/10-6/30/11			(13,546)	(13,546)		(13,546)
Teacher's Pension & Annuity Fund	11-495-034-5095-006	224,919	7/1/10-6/30/11		224,919	(224,919)			(224,919)
Reimbursed TPAF Social Security Contribution	10-495-034-5095-002	258,483	7/1/09-6/30/10	(12,305)	12,305				
Reimbursed TPAF Social Security Contribution	11-495-034-5095-002	236,556	7/1/10-6/30/11		224,926	(236,556)	(11,630)		(236,556)
Total General Fund				(15,985)	1,363,424	(1,376,617)	(29,178)	86,635	(1,376,617)
<b>Special Revenue Fund:</b>									
State Grants:									
Character Education Aid	04-100-034-5120-053	853	7/1/04-6/30/05	31		(31)			(31)
Total Special Revenue Fund				31		(31)			(31)
<b>Capital Projects Fund:</b>									
State Grants:									
SDA Grant	G5-4335	12,500	7/1/10-6/30/11			(12,500)	(12,500)		(12,500)
SDA Grant	G5-4336	7,500	7/1/10-6/30/11			(7,500)	(7,500)		(7,500)
Total Capital Projects Fund						(20,000)	(20,000)		(20,000)
Grand Total - Governmental Funds				(\$15,954)	1,363,424	(1,396,648)	(49,178)	86,635	(1,396,648)



**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
JUNE 30, 2011**

**Note 1. General**

The accompanying schedules of expenditures of state financial assistance include state award activity of the Board of Education, Medford Lakes Borough Board of Education. The Board of Education is defined in Note 1 to the Board's basic financial statements. All state awards received directly from state agencies, as well as state financial assistance passed through other government agencies is included on the schedule of expenditures of state financial assistance.

**Note 2. Basis of Accounting**

The accompanying schedules of expenditures of awards and 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 basis of accounting are described in Note 1 to the Board's basic financial statements.

**Note 3. Relationship to Basic Financial Statements**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment 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 state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The 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 \$35,372 for the general fund and \$16,682 for the Special Revenue Fund. See Note 1 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 presented as follows:

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
JUNE 30, 2011**

**Note 3. Relationship to Basic Financial Statements (continued):**

	<b>State</b>
General Fund	\$1,411,989
Capital Projects	20,000
Special Revenue Fund	<u>31</u>
Total Financial Assistance	<u>\$1,432,020</u>

**Note 4. Relationship to State Financial Reports**

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

**Note 5. 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 represent 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.

**Note 6. State Loans Outstanding**

The Medford Lakes Borough Board of Education has no loan balances outstanding at June 30, 2011.

**MEDFORD LAKES BOROUGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2011**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to basic financial Statements noted?	No

**State Awards**

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes
Type of auditor’s report issued on compliance for major programs	<u>Unqualified</u>
Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered To be material weaknesses?	None Reported
Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter 04-04	No

**Identification of major programs:**

<b>GMIS Number(s)</b>	<b>Name of State Program</b>
11-495-034-5120-078	Equalization Aid
11-495-034-5120-089	Categorical Special Education Aid

**MEDFORD LAKES BOROUGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2011**

**Section II – Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in a Circular A-133 audit.

No Current Year Findings

**Section III – State Financial Assistance Findings and Questioned Costs**

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and New Jersey OMB's Circular Letter 04-04.

No Current Year Findings

**MEDFORD LAKES BOROUGH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMET  
For the Fiscal Year Ended June 30, 2011**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 (section .315 (a)(b)) and New Jersey OMB's Circular 04-04.

**Finding 2010-01:**

**Condition:**

During our testing of capital assets, it was noted that the District did not maintain a capital asset subsidiary ledger.

**Current Status:**

This condition has been corrected.

