

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

**Oradell, New Jersey**

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**Oradell Board of Education**

**Oradell, New Jersey**

**For The Fiscal Year Ended June 30, 2011**

**Prepared by**

**Business Office**

**ORADELL BOARD OF EDUCATION  
TABLE OF CONTENTS**

**Page**

**INTRODUCTORY SECTION**

Letter of Transmittal	i-iv
Organizational Chart	v
Roster of Officials	vi
Consultants and Advisors	vii

**FINANCIAL SECTION**

Independent Auditors' Report	1-2
------------------------------	-----

**REQUIRED SUPPLEMENTARY INFORMATION- PART I**

Management's Discussion and Analysis	3-13
--------------------------------------	------

**Basic Financial Statements**

**A. District-wide Financial Statements**

A-1 Statement of Net Assets	14
A-2 Statement of Activities	15

**B. Fund Financial Statements**

*Governmental Funds*

B-1 Balance Sheet	16
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	17
B-3 Illustrative Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with the the District-Wide Statements	18

*Proprietary Funds*

B-4 Statement of Net Assets	19
B-5 Statement of Revenues, Expenses, and Changes in Net Assets	20
B-6 Statement of Cash Flows	21

*Fiduciary Funds*

B-7 Statement of Fiduciary Net Assets	22
B-8 Statement of Changes in Fiduciary Net Assets	23

<b>Notes to the Basic Financial Statements</b>	24-45
--	-------

**ORADELL BOARD OF EDUCATION  
TABLE OF CONTENTS**

**Page**

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**C. Budgetary Comparison Schedules**

C-1	Budgetary Comparison Schedule – General Fund	46-51
C-2	Budgetary Comparison Schedule – Special Revenue Fund	52
C-3	Required Supplementary Information – Schedule of Revenues, Expenditures And Changes in Fund Balance – Budget and Actual – Notes to the Required Supplementary Information	53

**OTHER SUPPLEMENTARY INFORMATION**

**D. School Level Schedules – Not Applicable**

**E. Special Revenue Fund**

E-1	Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	54-55
E-2	Schedule of Preschool Education Aid – Budget vs. Actual – Not Applicable	56

**F. Capital Projects Fund**

F-1	Summary Schedule of Project Expenditures – Budgetary Basis	57
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance	58
F-2a- F2c	Schedule of Project Revenues, Expenditures, Project Balance and Project Status	59-61

**G. Proprietary Funds**

*Enterprise Fund*

G-1	Statement of Net Assets	62
G-2	Statement of Revenues, Expenses and Changes in Net Assets	63
G-3	Statement of Cash Flows	64

**H. Fiduciary Funds**

H-1	Combining Statement of Net Assets	65
H-2	Combining Statement of Changes in Net Assets – Not Applicable	66
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	66
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	67

**I. Long-Term Debt**

I-1	Schedule of Serial Bonds	68
I-2	Long-Term Debt Budgetary Comparison Schedule	69
I-4	Schedule of Lease Purchase Agreements	70

**ORADELL BOARD OF EDUCATION  
TABLE OF CONTENTS**

Page

**J. STATISTICAL SECTION (Unaudited)**

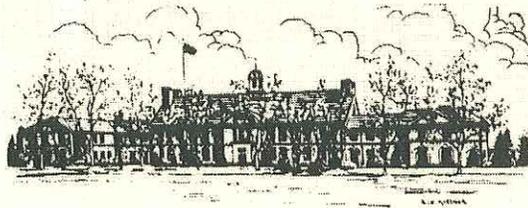
J-1	Net Assets by Component	71
J-2	Changes in Net Assets	72-73
J-3	Fund Balances – Governmental Funds	74
J-4	Changes in Fund Balances - Governmental Funds	75
J-5	General Fund Other Local Revenue by Source	76
J-6	Assessed Value and Actual Value of Taxable Property	77
J-7	Direct and Overlapping Property Tax Rates	78
J-8	Principal Property Taxpayers	79
J-9	Property Tax Levies and Collections	80
J-10	Ratios of Outstanding Debt by Type	81
J-11	Ratios of Net General Bonded Debt Outstanding	82
J-12	Direct and Overlapping Governmental Activities Debt	83
J-13	Legal Debt Margin Information	84
J-14	Demographic and Economic Statistics	85
J-15	Principal Employers	86
J-16	Full-Time Equivalent District Employees by Function/Program	87
J-17	Operating Statistics	88
J-18	School Building Information	89
J-19	Schedule of Required Maintenance for School Facilities	90
J-20	Insurance Schedule	91

**SINGLE AUDIT SECTION**

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	92-93
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	94-95
K-3	Schedule of Expenditures of Federal Awards	96
K-4	Schedule of Expenditures of State Financial Assistance	97-98
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	99-100
K-6	Schedule of Findings and Questioned Costs	101-104
K-7	Summary Schedule of Prior Year Findings	105

## **INTRODUCTORY SECTION**

Rita Cioppi  
School Business Administrator/  
Board Secretary  
201-261-1166 Ext. 110  
Fax: 201-261-1167



## ORADELL BOARD OF EDUCATION

350 Prospect Avenue  
Oradell, New Jersey 07649

*"Our children, our hope, our future"*

November 18, 2011

Honorable President and  
Members of the Board of Education  
Oradell School District

Dear Board Members:

The Comprehensive Annual Financial Report of the Oradell School District ("The District") for the fiscal year ended June 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education ("The Board"). To the best of our knowledge and belief, the data presented in this report are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Oradell Public School's MD&A can be found immediately following the "Independent Auditors' Report."

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the independent auditors' report, management's discussion and analysis (MD&A), and the basic financial statements including the district-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements, notes to the financial statements and required supplementary information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the "U.S. Office of Management and Budget" (OMB) Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations, and findings and recommendations, are included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:** Oradell School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement #14. All funds of the District are included in this report. The Oradell Board of Education and its school constitute the District's reporting entity.

The District continues to provide a full range of educational services appropriate to grade levels Pre-K through 6. These include both regular and special education for learning disabled students. The District completed the 2010-2011 fiscal year with enrollment of 805 students, which is 23 students more than the previous year's enrollment. The following details the changes in the student enrollment over the last nine years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
1998-99	686	+3.47
1999-2000	701	+2.19
2000-2001	682	-2.71
2001-2002	689	+1.03
2002-2003	707	+2.61
2003-2004	749	+5.90
2004-2005	765	+2.14
2005-2006	770	+.65
2006-2007	786	+2.08
2007-2008	794	+1.02
2008-2009	790	-0.51
2009-2010	782	-1.02
2010-2011	804	+2.94

**2) ECONOMIC CONDITION AND OUTLOOK:** The Borough of Oradell, like other municipalities, is feeling the effects of the weakened economy. The real estate market remained soft while the prices of fuel, food, and other necessities continued to rise. Despite the economy having entered into a near recession and **declining** resources from the State and Federal level, the Oradell Public School has been able to maintain its staffing to ensure optimal class sizes as the NJCCCS are implemented.

**3) INTERNAL ACCOUNTING AND 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 accounting principles generally accepted in the United States of America (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 the 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 the portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

**4) 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 cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2011.

**5) ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements".

**6) CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements". The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. 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.

**7) RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, and fidelity bonds.

**8) OTHER INFORMATION:**

**A) Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act as Amended and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements, individual fund financial 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.

**B) Commendations** - The Oradell Public School District is proud of all that it accomplished during the 2010-2011 school year. The following is a sampling of the District's achievements:

The District continued its curriculum partnership with the Tri-District Curriculum Consortium, finalizing and unveiling K-12 regional curriculum guides in the areas of **science curriculum-K-5, library curriculum K-12, Health K-12 and Language Arts Writing Grade 3**. Common professional development activities were also implemented focusing on the Everyday Mathematics program and **training for the implementation of a new literacy series, Mondo** in grades **kindergarten through five**. A regional professional development academy **continued this** year as teachers were afforded opportunities to attend in-service workshops to support their quests for knowledge on a variety of topics. Common professional development days were orchestrated to support literacy skills, kindergarten through twelfth grade. Special education region (Region V) and the Northern Valley Curriculum Center were also partners in the professional development process. Formative assessments were continued in various grade levels to measure the students' literary skills on a pre and post basis. The district **continues the**

**implementation of** Learnia to evaluate student performance on an assessment closely aligned to the NJASK and the NJCCCS.

The Oradell Public School District began to install **the first phase of their security project in 2010-2011 school year with anticipation that it will be operable for the 2011-2012 school year.** The project was designed to improve **security throughout the building with the installation of** of state-of-the-art equipment. Fiscally speaking, the project was **accomplished through a grant from the NJDOE.**

Students continued to exercise their artistic and musical talents in a variety of ways. Winter and spring concerts featuring various choral and instrumental groups were well attended by community members. A spring Art Show served to instill pride and awareness as to the talents of the entire student body as the school's hallways and auditorium stage showcased students' collective gifts. **An OPS PTA sponsored "Talent Show" was the highlight of our music/art program.**

The District's technology infrastructure is among the very best in Bergen County. Students and staff have immediate access to contemporary technologies and to the OPS web site, a resource-rich portal designed to promote and support the instructional process. The district utilizes its site as a portal for access to a wide range of student resources across all content areas. In addition, it serves as a communications vehicle for parents and faculty. In addition, many faculty members crafted Wikis as a means of keeping parents abreast of classroom happenings.

Parents continue to be welcome, active participants in the educational process, volunteering in classrooms and participating on a host of PTA and school committees. The Oradell PTA and Board of Education provided students and staff with extensive array of educational activities designed to promote the education of the whole child --cognitively, socially, and emotionally. The Oradell Public School Professional staff continues to receive mini grant awards from both the PTA and the Oradell Kids Foundation to support various program initiatives and enhancements. In short, the many adult role models within our school community worked diligently and selflessly to support the growth and development of the District's most precious resource, the children.

**9) ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Oradell School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The Oradell Board of Education continues to serve the community in proud fashion. Of the nine Board members, **two have** attained *Master Board Member Status* and two have achieved *Certified Board Member Status*. Also, the preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

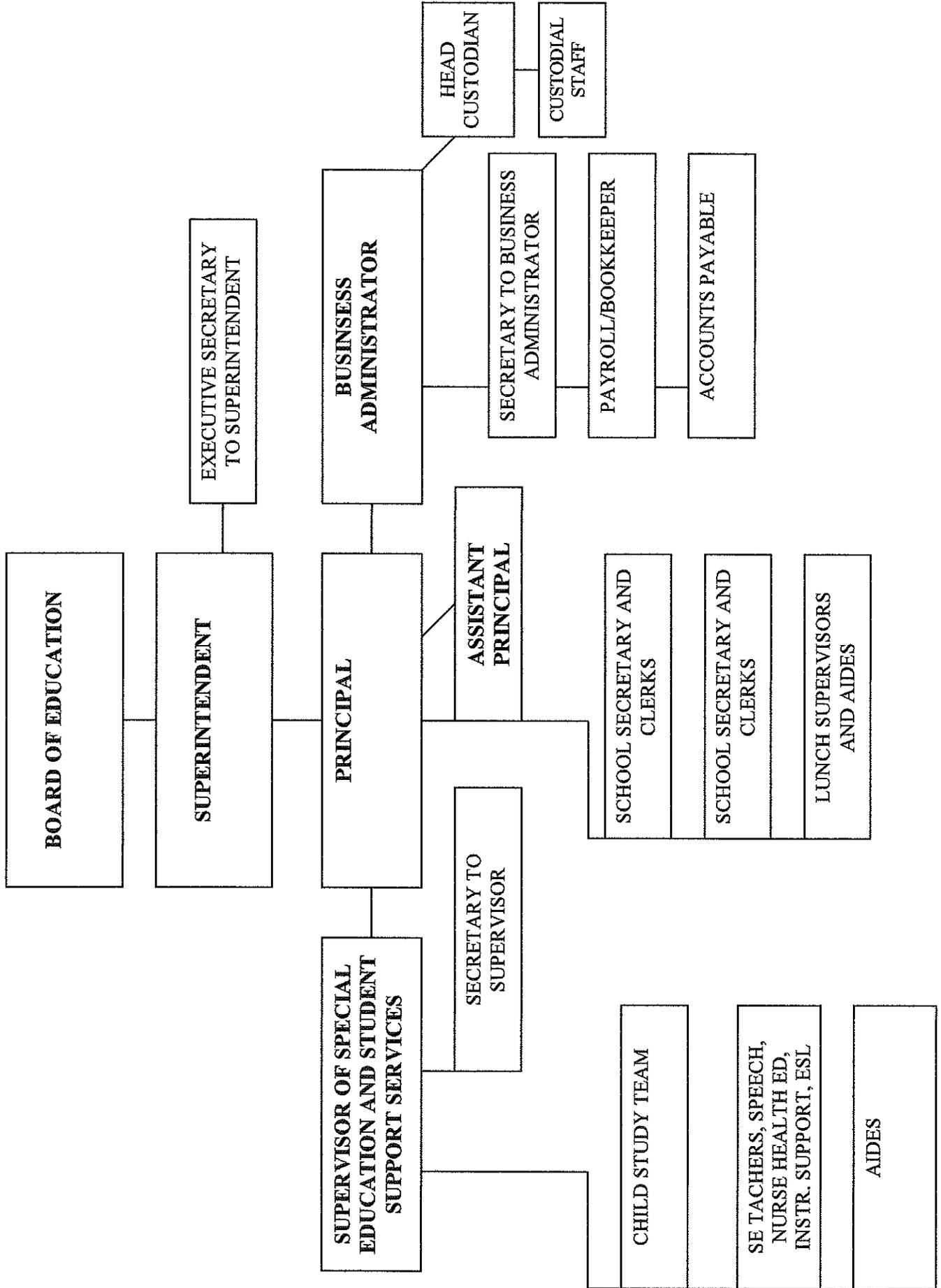


Dr. Maria Nuccetelli  
Interim-Superintendent



Rita R. Cioppi  
School Business Administrator/Board Secretary

# ORADELL PUBLIC SCHOOL DISTRICT ORGANIZATION CHART



**ORADELL BOARD OF EDUCATION  
ORADELL, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2011**

**Members of the Board of Education**

President	Dorothy Watson-Nichols	2013
Vice President	Christine Robertson	2012
	Gregory Derian	2014
	Louis Ferrante	2012
	Katherine Norian	2012
	John Samuel	2014
	Rita Walker	2014
	John A. Walsh	2013
	Eugene Westlake	2013

**Other Officials**

Interim-Superintendent	Dr. Maria Nuccetelli
Board Secretary/ Business Administrator	Rita R. Cioppi
Treasurer	Ronald Amorino
Attorneys	Lindabury, McCormick, Estabrook & Cooper, P.C.

**ORADELL BOARD OF EDUCATION  
Consultants and Advisors**

**Architect**

Tokarski & Millemann  
228 Brick Boulevard  
Brick, NJ 08723

**Audit Firm**

Lerch, Vinci & Higgins, LLP  
17-17 Route 208N  
Fair Lawn, NJ 07410

**Attorney**

Lindbury, McCormick, Estabrook  
& Cooper, P.C.  
Attorneys at Law  
53 Cardinal Drive  
P.O. Box 2369  
Westfield, NJ 07091

Schenck, Price, Smith & King, LLP  
Attorneys at Law  
10 Washington Street  
P.O. Box 905  
Morristown, NJ 07963

**Official Depository**

TD Bank  
1100 Lake Street  
Ramsey, NJ 07446-1275

State of New Jersey Cash Management Fund  
Division of Investment  
Department of Treasury  
Trenton, New Jersey

**Bond Counsel**

Wilentz, Goldman & Spitzer, P.A.  
Woodbridge, NJ 07095

**FINANCIAL SECTION**

# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208  
FAIR LAWN, NJ 07410  
TELEPHONE (201) 791-7100  
FACSIMILE (201) 791-3035  
WWW.LVHCPA.COM

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DBBORAH K. LERCH, CPA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA  
EDWARD N. KERE, CPA

## INDEPENDENT AUDITORS' REPORT

Honorable President and Members  
of the Board of Trustees  
Oradell Board of Education  
Oradell, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oradell Board of Education as of and for the fiscal year ended June 30, 2011, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Oradell Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 previously 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 Oradell Board of Education as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 18, 2011 on our consideration of the Oradell Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 Oradell Board of Education's basic financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

LERCH, VINCI & HIGGINS, LLP

LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants

Public School Accountants



Jeffrey C. Bliss

Public School Accountant

PSA Number CS00932

Fair Lawn, New Jersey  
November 18, 2011

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# ORADELL BOARD OF EDUCATION

## Management's Discussion and Analysis Year Ended June 30, 2011

This section of Oradell Board of Education's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. 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 the 2010-2011 fiscal year include the following:

- The assets of the Oradell Board of Education exceeded its liabilities at the close of the fiscal year by \$9,234,444. (Net Assets)
- The District's total net assets increased by \$171,269.
- Overall District revenues were \$11,594,917. General revenues accounted for \$10,066,844 or 87% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,528,073 or 13% of total revenues.
- The school district had \$11,310,998 in expenses for governmental activities; only \$1,419,801 of these expenses were offset by program specific charges, grants or contributions. General revenues of \$10,066,844 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$760,758. Of this amount, \$221,132 is available for spending at the District's discretion (unassigned fund balance – General Fund).
- The General Fund fund balance at June 30, 2011 was \$751,215, an increase of \$84,495 compared to the ending fund balance at June 30, 2010 of \$666,720.
- The General Fund budgetary fund balance at June 30, 2011 was \$881,214, which represents an increase of \$32,083 compared to the ending fund balance at June 30, 2010 of \$849,131. However, the General Fund unassigned budgetary fund balance at June 30, 2011 was \$351,131 an increase of \$6,805 when compared to the ending unassigned budgetary fund balance at June 30, 2010 of \$344,326.

# ORADELL BOARD OF EDUCATION

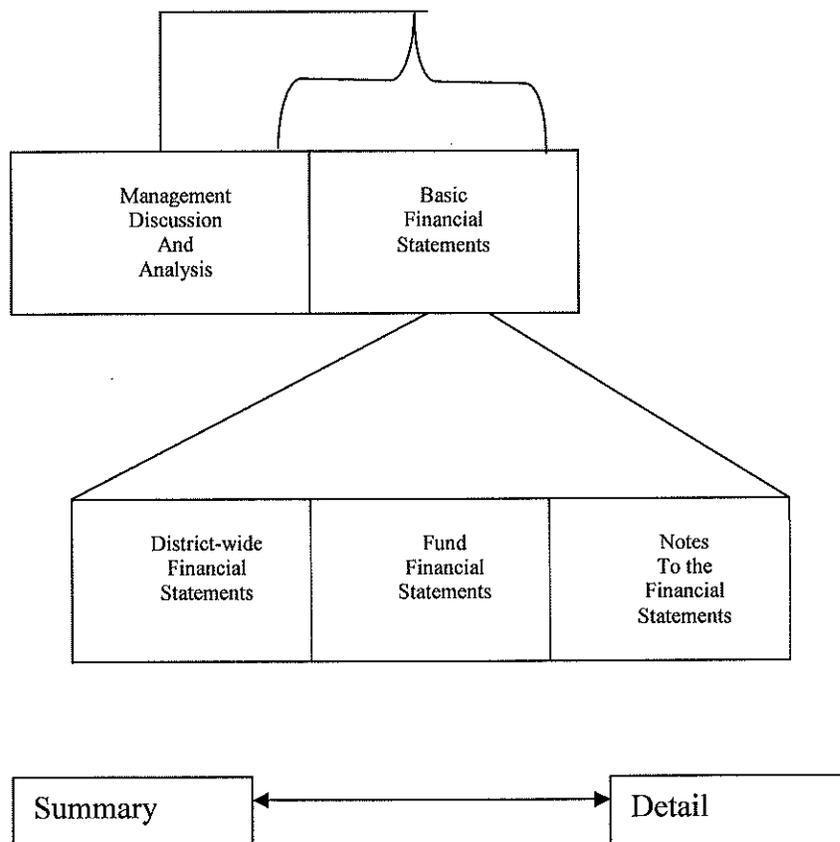
## Management's Discussion and Analysis Year Ended June 30, 2011

### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The following Figure shows how the various parts of this Annual Report are arranged and related to one another.



# ORADELL BOARD OF EDUCATION

## Management's Discussion and Analysis Year Ended June 30, 2011

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

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district(except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as instruction, building maintenance, transportation, and administration.	Activities the district operates similar to private businesses: Enterprise Funds	Instances in which the district administers resources on behalf of someone else, such as payroll deduction.
Required financial Statements	Statements of net assets Statement of activities	Balance Sheet Statement of Revenue, expenditures and changes in fund balances	Statement of Net Assets Statement of revenue, expenses, and changes in fund net assets, Statement of cash flows	Statements of Fiduciary net assets.
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources Focus
Type of asset/liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long funds do not currently contain capital assets, although they can
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

### District-wide Statements

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

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

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.

# ORADELL BOARD OF EDUCATION

## Management's Discussion and Analysis Year Ended June 30, 2011

- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration, and plant operation and maintenance. Property taxes and Federal and State aid finances most of these activities.
- *Business type activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprise. The District's extended year summer and food service programs are included under this category.

### Fund Financial Statements

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

- Some funds are required by State law and bond covenants.
- The District establishes other funds in accordance with the State of New Jersey Uniform Chart of Accounts to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
  - *Enterprise Funds* – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has two enterprise funds, for its extended year summer program and food service (cafeteria) program.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

ORADELL BOARD OF EDUCATION

Management's Discussion and Analysis  
Year Ended June 30, 2011

**Notes to the Basic Financial Statements**

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

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual expenditure budget for the general, special revenue and debt service funds. A budgetary comparison statement has been provided for the general and special revenue funds as required supplementary information. The required supplementary information can be found following the notes to the basic financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Assets.** The District's *combined* net assets were \$9,234,444 and \$9,063,175 on June 30, 2011 and 2010, respectively, as follows:

**Statement of Net Assets  
as of June 30, 2011 and 2010**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current Assets	\$ 1,020,277	\$ 797,416	\$ 102,395	\$ 103,433	\$ 1,122,672	\$ 900,849
Capital Assets	14,229,897	14,475,561	-	-	14,229,897	14,475,561
<b>Total Assets</b>	<u>15,250,174</u>	<u>15,272,977</u>	<u>102,395</u>	<u>103,433</u>	<u>15,352,569</u>	<u>15,376,410</u>
Noncurrent Liabilities	5,704,403	6,051,050			5,704,403	6,051,050
Other Liabilities	316,647	168,450	97,075	93,735	413,722	262,185
<b>Total Liabilities</b>	<u>6,021,050</u>	<u>6,219,500</u>	<u>97,075</u>	<u>93,735</u>	<u>6,118,125</u>	<u>6,313,235</u>
Net Assets						
Invested in capital assets, net of related debt	8,655,897	8,598,561			8,655,897	8,598,561
Restricted	96,759	200,555			96,759	200,555
Unrestricted	476,468	254,361	5,320	9,698	481,788	264,059
<b>Total Net Assets</b>	<u>\$ 9,229,124</u>	<u>\$ 9,053,477</u>	<u>\$ 5,320</u>	<u>\$ 9,698</u>	<u>\$ 9,234,444</u>	<u>\$ 9,063,175</u>

ORADELL BOARD OF EDUCATION

Management's Discussion and Analysis  
Year Ended June 30, 2011

The District's total net assets of \$9,234,444 at June 30, 2011 represents a \$171,269, or 2%, increase from the prior year. The following presents the changes in net assets for the years ended June 30, 2011 and 2010:

**Change in Net Assets  
For The Fiscal Years Ended June 30, 2011 and 2010**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 50,820		\$ 104,332	\$ 96,739	\$ 155,152	\$ 96,739
Operating Grants and Contributions	1,260,179	\$ 1,749,404	3,940	2,900	1,264,119	1,752,304
Capital Grants and Contributions	108,802	193,097			108,802	193,097
General Revenues						
Property Taxes	10,011,646	10,009,035			10,011,646	10,009,035
Other	55,198	42,199	-	-	55,198	42,199
<b>Total Revenues</b>	<u>11,486,645</u>	<u>11,993,735</u>	<u>108,272</u>	<u>99,639</u>	<u>11,594,917</u>	<u>12,093,374</u>
<b>Expenses</b>						
Instruction						
Regular	4,752,019	4,666,175			4,752,019	4,666,175
Special Education	1,566,078	1,317,169			1,566,078	1,317,169
Other Instruction	331,567	289,864			331,567	289,864
School Sponsored Activities and Athletics	10,046	16,714			10,046	16,714
Support Services						
Student and Instruction Related Services	1,517,744	1,848,616			1,517,744	1,848,616
General Administrative Services	454,224	427,481			454,224	427,481
School Administrative Services	462,343	444,138			462,343	444,138
Central and Other Support Services	406,208	400,064			406,208	400,064
Plant Operations and Maintenance	1,467,668	1,576,341			1,467,668	1,576,341
Pupil Transportation	107,961	124,098			107,961	124,098
Interest on Debt	235,140	253,354			235,140	253,354
Summer Program			94,132	87,869	94,132	87,869
Food Services	-	-	18,518	8,760	18,518	8,760
<b>Total Expenses</b>	<u>11,310,998</u>	<u>11,364,014</u>	<u>112,650</u>	<u>96,629</u>	<u>11,423,648</u>	<u>11,460,643</u>
Increase/(Decrease) in Net Assets	175,647	629,721	(4,378)	3,010	171,269	632,731
Net Assets, Beginning of Year	<u>9,053,477</u>	<u>8,423,756</u>	<u>9,698</u>	<u>6,688</u>	<u>9,063,175</u>	<u>8,430,444</u>
Net Assets, End of Year	<u>\$ 9,229,124</u>	<u>\$ 9,053,477</u>	<u>\$ 5,320</u>	<u>\$ 9,698</u>	<u>\$ 9,234,444</u>	<u>\$ 9,063,175</u>

ORADELL BOARD OF EDUCATION

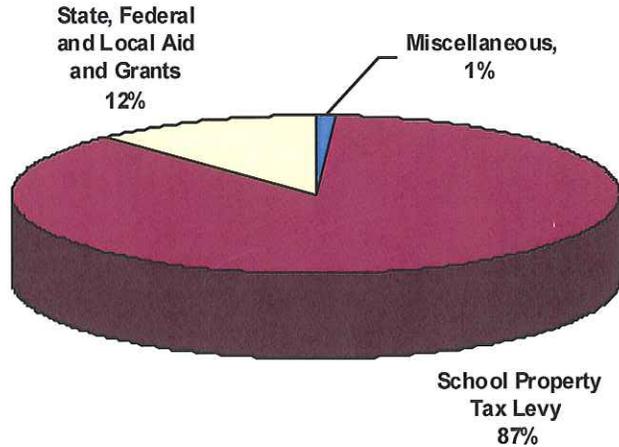
Management's Discussion and Analysis  
Year Ended June 30, 2011

**Governmental Activities.** The District's total governmental activities' revenues, which includes State and Federal grants, were \$11,486,645 for the year ended June 30, 2011. Property taxes of \$10,011,646 represented 87% of revenues. Another significant portion of revenues came from State aid; total State, Federal and local aid was \$1,368,981 represented 12% of revenues. In addition, tuition and miscellaneous income which includes items such as interest, prior year refunds and other miscellaneous items was less than one percent of revenues earned.

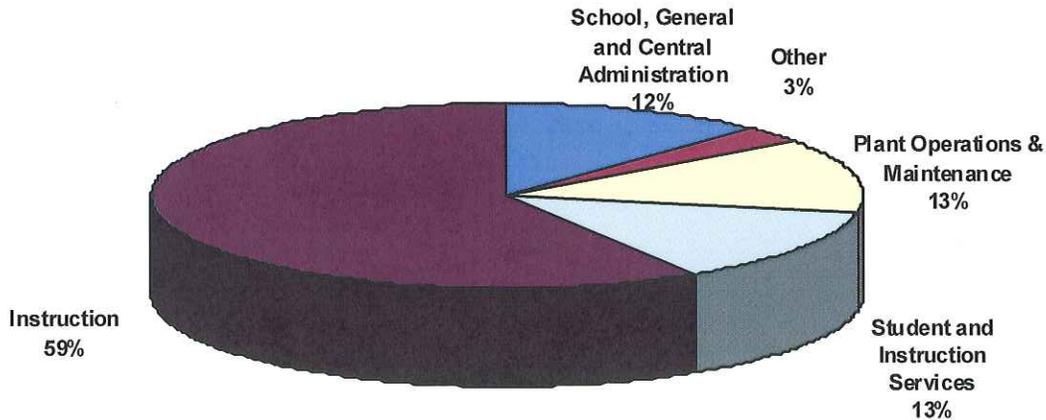
The total cost of all governmental activities programs and services was \$11,310,998. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$6,659,710 (59%) of total expenses. Support services, total \$4,416,148 (39%) of total expenses and interest on debt totaled \$235,140 (2%) of total expenses.

Total governmental activities revenues exceeded expenses, increasing net assets \$175,647 from the previous year.

Revenues by Sources – Governmental Activities  
For Fiscal Year 2011



Miscellaneous 1  
Expenses by Use – Governmental Activities  
For Fiscal Year 2011



ORADELL BOARD OF EDUCATION

Management's Discussion and Analysis  
Year Ended June 30, 2011

**Net Cost of Governmental Activities.** The District's total cost of services was \$11,310,998. After applying program revenues, derived from charges for services of \$50,820, operating and capital grants and contributions of \$1,368,981, the net cost of services of the District is \$9,891,197.

**Total and Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2011 and 2010**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Instruction				
Regular	\$ 4,752,019	\$ 4,666,175	\$ 4,269,411	\$ 4,192,006
Special Education	1,566,078	1,317,169	982,020	414,523
Other Instruction	331,567	289,864	297,980	259,819
School Sponsored Activities and Athletics	10,046	16,714	10,046	16,714
Support Services				
Student and Instruction Related Services	1,517,744	1,848,616	1,390,580	1,641,001
General Administrative Services	454,224	427,481	432,193	404,903
School Administrative Services	462,343	444,138	430,939	414,423
Central and Other Support Services	406,208	400,064	391,564	385,057
Plant Operations and Maintenance	1,467,668	1,576,341	1,355,190	1,345,127
Pupil Transportation	107,961	124,098	96,134	94,586
Interest on Debt	235,140	253,354	235,140	253,354
<b>Total</b>	<b>\$ 11,310,998</b>	<b>\$ 11,364,014</b>	<b>\$ 9,891,197</b>	<b>\$ 9,421,513</b>

**Business-Type Activities** – The District's total business-type activities revenues were \$108,272 for the year ended June 30, 2011. Charges for services accounted for 96% of total revenues. Operating grants and contributions accounted for 4% of total revenue for the year.

Total cost of all business-type activities programs and services was \$112,650. The District's expenses are related to the extended year summer program for \$94,132 (84%) and food services for \$18,518 (16%).

Total business-type activities expenses surpassed revenues, decreasing net assets \$4,378 in comparison to the previous year.

ORADELL BOARD OF EDUCATION

Management's Discussion and Analysis  
Year Ended June 30, 2011

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$760,758, an increase of \$70,444 from last year's fund balance.

Revenues for the District's governmental funds were \$11,486,645, while total expenses were \$11,416,201 for the fiscal year ended June 30, 2011.

**GENERAL FUND**

The General Fund includes the primary operations of the District in providing educational services to students from Kindergarten through Grade 6.

The following schedule presents a comparison of General Fund Revenues.

<b>General Fund Revenues</b>	<b>Year Ended</b>	<b>Year Ended</b>	<b>Amount of</b>	<b>Percent</b>
	<b><u>6/30/2011</u></b>	<b><u>6/30/2010</u></b>	<b><u>Increase</u></b>	<b><u>Change</u></b>
			<b><u>(Decrease)</u></b>	
Local Sources:				
Property Taxes	\$ 9,463,926	\$ 9,453,471	\$ 10,455	0.1%
Other	105,995	42,180	63,815	151%
State Sources	<u>888,458</u>	<u>1,334,068</u>	<u>(445,610)</u>	-33%
 Total Revenues	 <u>\$ 10,458,379</u>	 <u>\$ 10,829,719</u>	 <u>\$ (371,340)</u>	 -3%

Total General Fund revenues decreased \$371,340 or 3% over the previous year. Property taxes increased \$10,455 or less than 1% to support operating expenditures. State aid decreased \$445,610 or 33% due to a reduction in its categorical formula aid. Increases in interest earnings and tuition during the year were the cause for other local revenues to increase \$63,815 or 151% from the previous year.

The following schedule presents a comparison of General Fund expenditures.

<b>General Fund Expenditures</b>	<b>Year Ended</b>	<b>Year Ended</b>	<b>Amount of</b>	<b>Percent</b>
	<b><u>6/30/2011</u></b>	<b><u>6/30/2010</u></b>	<b><u>Increase</u></b>	<b><u>Change</u></b>
			<b><u>(Decrease)</u></b>	
Instruction	\$ 6,368,375	\$ 6,025,049	\$ 343,326	6%
Support Services	3,809,656	4,158,807	(349,151)	-8%
Debt Service	26,131	26,131	-	0%
Capital Outlay	<u>-</u>	<u>4,557</u>	<u>(4,557)</u>	-100%
 Total Expenditures	 <u>\$ 10,204,162</u>	 <u>\$ 10,214,544</u>	 <u>\$ (10,382)</u>	 0%

Total General Fund expenditures decreased \$10,382 or less than 1% from the previous year. The majority of this decrease can be attributed to reductions in student and instructional related service costs, which were offset with increases in special education instruction costs.

ORADELL BOARD OF EDUCATION

Management's Discussion and Analysis  
Year Ended June 30, 2011

**GENERAL FUND (Continued)**

In fiscal year 2011 General Fund revenues and other financing sources were more than expenditures and other financing uses by \$84,495. Therefore, total fund balance increased to \$751,215 at June 30, 2011. However, after deducting restricted, committed and assigned fund balances, the unassigned fund balance increased \$59,217 from \$161,915 at June 30, 2010 to \$221,132 at June 30, 2011. In addition, the balances in the restricted fund balances (i.e., capital reserve, emergency reserve and reserved excess surplus) increased \$103,831 from the previous year.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

At the end of fiscal year 2011, the District had \$14,229,897 invested in land, construction in progress, buildings, furniture, equipment and vehicles for governmental activities. The following is a comparison of the June 30, 2011 and 2010 balances.

**Capital Assets**

	<u>Governmental</u> <u>Activities</u>	
	<u>2011</u>	<u>2010</u>
Land	\$ 5,592	\$ 5,592
Land Improvements	52,200	52,200
Building and Building Improvements	20,215,170	20,210,613
Machinery and Equipment	269,602	269,602
Construction In Progress	<u>272,004</u>	<u>4,557</u>
 Total	 20,814,568	 20,542,564
 Less: Accumulated Depreciation	 <u>(6,584,671)</u>	 <u>(6,067,003)</u>
 Total	 <u>\$ 14,229,897</u>	 <u>\$ 14,475,561</u>

**LONG TERM LIABILITIES**

At June 30, 2011 the District had \$5,704,403 of long term liabilities. Of this amount \$5,652,000 is for serial bonds; \$9,967 is for lease purchase agreements; and \$42,436 is for compensated absences. The following is a comparison of the June 30, 2011 and 2010 balances.

ORADELL BOARD OF EDUCATION

Management's Discussion and Analysis  
Year Ended June 30, 2011

**Long-Term Liabilities**

**Long-Term Debt  
Outstanding Long-Term Liabilities**

	<u>2011</u>	<u>2010</u>
Bond Payable	\$ 5,652,000	\$ 5,982,000
Lease Purchase Agreements	9,967	33,052
Compensated Absences Payable	<u>42,436</u>	<u>35,998</u>
 Total	 <u>\$ 5,704,403</u>	 <u>\$ 6,051,050</u>

**GENERAL FUND BUDGETARY HIGHLIGHTS**

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

- Implementing budgets for specially funded projects, which include both federal and state grants.
- Reinstating prior year purchase orders being carried over the previous year's budget.
- Increases in appropriations for transfers from restricted fund balance.

Revisions in the budget were also made through budget transfer to prevent over expenditures in specific line item accounts. There were certain revisions to the budget during the year other than the reappropriation of prior year encumbrances.

General Fund budgetary revenues and other financing sources exceeded budgetary expenditures and other financing uses increasing budgetary fund balance \$32,083 from the previous year. However, after deducting restricted, committed and assigned fund balances, the unassigned budgetary fund balance increased only \$6,805 from \$344,326 at June 30, 2010 to \$351,131 at June 30, 2011.

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

While many factors influence the district's future, the availability of funding for special education needs, student enrollment and the economy will have the most impact on educational and fiscal decisions in the future.

These factors were considered by the District's administration during the process of developing the fiscal year 2011-2012 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2011-2012. Budgeted expenditures in the General Fund increased 4 percent to \$10,097,001 in fiscal year 2011-2012.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Business Office, Oradell Board of Education, 350 Prospect Avenue, Oradell, NJ 07649.

**BASIC FINANCIAL STATEMENTS**

**ORADELL BOARD OF EDUCATION**  
**STATEMENT OF NET ASSETS**  
**AS OF JUNE 30, 2011**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 776,303	\$ 101,645	\$ 877,948
Receivables, net	215,974	750	216,724
Deferred Charges	28,000		28,000
Capital Assets			
Not Being Depreciated	277,596		277,596
Being Depreciated, Net	<u>13,952,301</u>	<u>-</u>	<u>13,952,301</u>
Total Assets	<u>15,250,174</u>	<u>102,395</u>	<u>15,352,569</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	198,467		198,467
Payable to Other Governments	18,033		18,033
Accrued Interest Payable	85,128		85,128
Unearned Revenue	15,019	97,075	112,094
Noncurrent Liabilities			
Due within one year	354,967		354,967
Due beyond one year	<u>5,349,436</u>	<u>-</u>	<u>5,349,436</u>
Total Liabilities	<u>6,021,050</u>	<u>97,075</u>	<u>6,118,125</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	8,655,897		8,655,897
Restricted for			
Capital Projects	96,759		96,759
Unrestricted	<u>476,468</u>	<u>5,320</u>	<u>481,788</u>
Total Net Assets	<u>\$ 9,229,124</u>	<u>\$ 5,320</u>	<u>\$ 9,234,444</u>

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

**ORADELL BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 4,752,019	\$ 482,608	\$ 482,608		\$ (4,269,411)		\$ (4,269,411)
Special Education	1,566,078	50,820	533,238		(982,020)		(982,020)
Other Instruction	331,567		33,587		(297,980)		(297,980)
School Sponsored Activities and Athletics	10,046				(10,046)		(10,046)
Support Services							
Student and Instruction Related Services	1,517,744		127,164		(1,390,580)		(1,390,580)
General Administrative Services	454,224		22,031		(432,193)		(432,193)
School Administrative Services	462,343		31,404		(430,939)		(430,939)
Central and Other Support Services	406,208		14,644		(391,564)		(391,564)
Plant Operations and Maintenance	1,467,668		3,676	\$ 108,802	(1,355,190)		(1,355,190)
Pupil Transportation	107,961		11,827		(96,134)		(96,134)
Interest on Debt	235,140				(235,140)		(235,140)
<b>Total Governmental Activities</b>	<b>11,310,998</b>	<b>50,820</b>	<b>1,260,179</b>	<b>108,802</b>	<b>(9,891,197)</b>	<b>-</b>	<b>(9,891,197)</b>
<b>Business-Type Activities</b>							
Summer Program	94,132	\$ 93,294				\$ (838)	(838)
Food Service	18,518	11,038	3,940			(3,540)	(3,540)
<b>Total Business-Type Activities</b>	<b>112,650</b>	<b>104,332</b>	<b>3,940</b>	<b>-</b>	<b>-</b>	<b>(4,378)</b>	<b>(4,378)</b>
<b>Total Primary Government</b>	<b>\$ 11,423,648</b>	<b>\$ 155,152</b>	<b>\$ 1,264,119</b>	<b>\$ 108,802</b>	<b>(9,891,197)</b>	<b>(4,378)</b>	<b>(9,895,575)</b>
<b>General Revenues</b>							
Taxes:							
Property Taxes, Levied for General Purposes, Net					9,463,926		9,463,926
Property Taxes, Levied for Debt Service, Net					547,720		547,720
Investment Earnings					11,314		11,314
Miscellaneous Income					43,884		43,884
<b>Total General Revenues</b>					<b>10,066,844</b>	<b>-</b>	<b>10,066,844</b>
<b>Change in Net Assets</b>					<b>175,647</b>	<b>(4,378)</b>	<b>171,269</b>
<b>Net Assets, Beginning of Year</b>					<b>9,053,477</b>	<b>9,698</b>	<b>9,063,175</b>
<b>Net Assets, End of Year</b>					<b>\$ 9,229,124</b>	<b>\$ 5,320</b>	<b>\$ 9,234,444</b>

**FUND FINANCIAL STATEMENTS**

ORADELL BOARD OF EDUCATION  
 GOVERNMENTAL FUNDS  
 BALANCE SHEET  
 AS OF JUNE 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 776,303				\$ 776,303
Due from Other Funds	116,167				116,167
Intergovernmental Receivables	36,115	\$ 55,878	\$ 113,164		205,157
Other Accounts Receivable	10,408	-	-	-	10,408
<b>Total Assets</b>	<u>\$ 938,993</u>	<u>\$ 55,878</u>	<u>\$ 113,164</u>	<u>\$ -</u>	<u>\$ 1,108,035</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 9,165	\$ 1,874	\$ 12,065		\$ 23,104
Accrued Salary and Wages	175,363				175,363
Payable to Other Governments - State		18,033			18,033
Due to Other Funds		28,564	87,194		115,758
Deferred Revenue	3,250	7,407	4,362	-	15,019
<b>Total Liabilities</b>	<u>187,778</u>	<u>55,878</u>	<u>103,621</u>	<u>-</u>	<u>347,277</u>
<b>Fund Balances</b>					
<b>Restricted:</b>					
Capital Reserve	87,216				87,216
Emergency Reserve	80,000				80,000
Reserved Excess Surplus	153,920				153,920
Legally Restricted - Designated for Subsequent Year's Expenditures	136,846				136,846
Capital Projects			9,543		9,543
<b>Committed:</b>					
Year End Encumbrances	19,464				19,464
<b>Assigned:</b>					
Year End Encumbrances	29,483				29,483
Designated for Subsequent Year's Expenditures	23,154				23,154
Unassigned	221,132	-	-	-	221,132
<b>Total Fund Balances</b>	<u>751,215</u>	<u>-</u>	<u>9,543</u>	<u>-</u>	<u>760,758</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 938,993</u>	<u>\$ 55,878</u>	<u>\$ 113,164</u>	<u>\$ -</u>	

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 \$20,814,568 and the accumulated depreciation is \$6,584,671. 14,229,897

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (85,128)

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 and bond issuance costs are amortized over the life of the debt and therefore are not reported as a deferred charge in the funds.

Bonds Payable	\$ (5,652,000)
Deferred Charge-	
Unamortized Bond Issuance Costs	28,000
Lease Purchase Agreements	(9,967)
Compensated Absences	(42,436)
	<u>(5,676,403)</u>

Net assets of governmental activities \$ 9,229,124

**ORADELL BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 9,463,926			\$ 547,720	\$ 10,011,646
Tuition	50,820				50,820
Interest	11,291		\$ 23		11,314
Miscellaneous	43,884	\$ 18,361	-	-	62,245
Total - Local Sources	9,569,921	18,361	23	547,720	10,136,025
Intergovernmental					
State Sources	888,458	79,926	108,802		1,077,186
Federal Sources	-	273,434	-	-	273,434
Total Revenues	10,458,379	371,721	108,825	547,720	11,486,645
<b>EXPENDITURES</b>					
Current					
Instruction					
Regular Instruction	4,715,894	27,442			4,743,336
Special Education Instruction	1,310,868	252,755			1,563,623
Other Instruction	331,567				331,567
School-Sponsored Activities and Athletics	10,046				10,046
Support Services					
Student and Instruction Related Services	1,432,457	84,794			1,517,251
General Administrative Services	445,112				445,112
School Administrative Services	462,235				462,235
Central and Other Support Services	406,208				406,208
Plant Operations and Maintenance	965,203				965,203
Pupil Transportation	98,441	6,730			105,171
Debt Service					
Principal	23,085			330,000	353,085
Interest and Other Charges	3,046			238,314	241,360
Capital Outlay	-	-	272,004	-	272,004
Total Expenditures	10,204,162	371,721	272,004	568,314	11,416,201
Excess (Deficiency) of Revenues Over (Under) Expenditures	254,217	-	(163,179)	(20,594)	70,444
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	23		169,745		169,768
Transfers Out	(169,745)	-	(23)	-	(169,768)
Total Other Financing Sources and Uses	(169,722)	-	169,722	-	-
Net Change in Fund Balances	84,495	-	6,543	(20,594)	70,444
Fund Balance, Beginning of Year	666,720	-	3,000	20,594	690,314
Fund Balance, End of Year	\$ 751,215	\$ -	\$ 9,543	\$ -	\$ 760,758

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement

**ORADELL BOARD OF EDUCATION  
ILLUSTRATIVE RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 70,444

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.

Capital Outlay	\$ 272,004	
Depreciation Expense	<u>(517,668)</u>	(245,664)

In the statement of activities, certain operating expenses - compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Increase in Compensated Absences		(6,438)
----------------------------------	--	---------

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

Bond Principal	330,000	
Lease Purchase Agreement	<u>23,085</u>	353,085

Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Debt Issuance Costs		(2,000)
-------------------------------------	--	---------

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in accrued interest		<u>6,220</u>
------------------------------	--	--------------

Change in net assets of governmental activities		<u>\$ 175,647</u>
---	--	-------------------

**ORADELL BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 AS OF JUNE 30, 2011**

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Extended Year</b>	<b>Other</b>	
	<b>Summer Program</b>	<b>Non-Major</b>	<b>Total</b>
	<b><u>                    </u></b>	<b><u>Enterprise</u></b>	<b><u>                    </u></b>
	<b><u>                    </u></b>	<b><u>Funds</u></b>	<b><u>                    </u></b>
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 100,063	\$ 1,582	\$ 101,645
Intergovernmental Receivable			
Federal	<u>                    -</u>	<u>                    750</u>	<u>                    750</u>
Total Current Assets	<u>100,063</u>	<u>2,332</u>	<u>102,395</u>
<b>LIABILITIES</b>			
Current Liabilities			
Unearned Revenue	<u>97,075</u>	<u>                    -</u>	<u>97,075</u>
	<u>97,075</u>	<u>                    -</u>	<u>97,075</u>
<b>NET ASSETS</b>			
Unrestricted	<u>2,988</u>	<u>2,332</u>	<u>5,320</u>
Total Net Assets	<u>\$ 2,988</u>	<u>\$ 2,332</u>	<u>\$ 5,320</u>

**ORADELL BOARD OF EDUCATION  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Business-Type Activities Enterprise Funds		<u>Total</u>
	<u>Extended Year Summer Program</u>	<u>Other Non-Major Enterprise Funds</u>	
<b>OPERATING REVENUES</b>			
Charges for Services		\$ 11,038	\$ 11,038
Daily Sales-Special Milk Program			
Program Fees	\$ 93,294	-	93,294
Total Operating Revenues	93,294	11,038	104,332
<b>OPERATING EXPENSES</b>			
Salaries and Benefits	72,612	3,000	75,612
Cost of Sales		15,518	15,518
Supplies and Materials	11,400		11,400
Miscellaneous	10,120	-	10,120
Total Operating Expenses	94,132	18,518	112,650
Operating Loss	(838)	(7,480)	(8,318)
<b>NONOPERATING REVENUES</b>			
Federal Sources			
Special Milk Program	-	3,940	3,940
Total Nonoperating Revenues	-	3,940	3,940
Change in Net Assets	(838)	(3,540)	(4,378)
Net Assets, Beginning of Year	3,826	5,872	9,698
Net Assets, End of Year	\$ 2,988	\$ 2,332	\$ 5,320

**ORADELL BOARD OF EDUCATION  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Business-Type Activities Enterprise Funds</b>		
	<b>Extended Year Summer Program</b>	<b>Other Non-Major Enterprise Funds</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 97,384	\$ 11,038	\$ 108,422
Cash Payments for Employees Salaries and Benefits	(72,612)	(3,000)	(75,612)
Cash Payments to Suppliers for Goods and Services	(21,520)	(15,518)	(37,038)
Net Cash Provided by (Used for) Operating Activities	3,252	(7,480)	(4,228)
<b>Cash Flows from Noncapital Financing Activities</b>			
Cash Received from State and Federal Subsidy Reimbursements		3,521	3,521
Cash Transfer to General Fund	-	(750)	(750)
Net Cash Provided by Noncapital Financing Activities	-	2,771	2,771
Net Increase (Decrease) in Cash and Cash Equivalents	3,252	(4,709)	(1,457)
Cash and Cash Equivalents, Beginning of Year	96,811	6,291	103,102
Cash and Cash Equivalents, End of Year	\$ 100,063	\$ 1,582	\$ 101,645
<b>Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities</b>			
Operating Loss	\$ (838)	\$ (7,480)	\$ (8,318)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities			
Change in Assets and Liabilities			
Increase/(Decrease) in Unearned Revenue	4,090	-	4,090
Total Adjustments	4,090	-	4,090
Net Cash Provided by (Used for) Operating Activities	\$ 3,252	\$ (7,480)	\$ (4,228)

**ORADELL BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
AS OF JUNE 30, 2011**

	<u>Unemployment Compensation Trust Fund</u>	<u>Park Academy Trust Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 34,223		\$ 91,944
Due from Other Funds	<u>3,282</u>	<u>-</u>	<u>-</u>
Total Assets	<u>37,505</u>	<u>-</u>	<u>\$ 91,944</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings			\$ 50,295
Accrued Salaries and Wages			68
Employee Deposits Payable			26
Intergovernmental Payables - State	289		
Due to Student Groups			37,864
Due to Other Funds	<u>-</u>	<u>-</u>	<u>3,691</u>
Total Liabilities	<u>289</u>	<u>-</u>	<u>\$ 91,944</u>
<b>NET ASSETS</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 37,216</u>	<u>\$ -</u>	

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement

**ORADELL BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Unemployment</u>	<u>Park Academy Trust Fund</u>
<b>ADDITIONS</b>		
Contributions		
District	\$ 9,195	
Employees	30,728	
Investment Earnings		
Interest	90	\$ 21
	<hr/>	<hr/>
Total Additions	40,013	21
	<hr/>	<hr/>
<b>DEDUCTIONS</b>		
Unemployment Claims and Contributions	8,331	
Transfers to Host District	-	82,257
	<hr/>	<hr/>
Total Deductions	8,331	82,257
	<hr/>	<hr/>
Change in Net Assets	31,682	(82,236)
Net Assets, Beginning of Year	5,534	82,236
	<hr/>	<hr/>
Net Assets, End of Year	\$ 37,216	\$ -
	<hr/> <hr/>	<hr/> <hr/>

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**ORADELL BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Oradell Board of Education (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Oradell Board of Education this includes general operations, extended year summer programs, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

**B. Basic Financial Statements**

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements. Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

The district-wide financial statements report information on all of the nonfiduciary activities of the Board of Education. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid, and other items not properly included among program revenues are reported instead as general revenues.

**ORADELL BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basic Financial Statements (Continued)**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The District considers all of its governmental and extended year summer program enterprise funds to be major funds.

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

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when 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 Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due.

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal and state financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of major capital facilities and other capital assets.

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

**ORADELL BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The District reports the following major proprietary fund which is organized to be self-supporting through user charges:

The *extended year summer program fund* accounts for the activities of the District's summer program which provides students various instructional and noninstructional programs during the summer break.

The District reports the following non-major proprietary fund which is organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides milk to students.

Additionally, the government reports the following fund type:

The *fiduciary trust fund* is used to account for resources legally held in trust for the park academy program, state unemployment insurance claims, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow private-sector guidance issued subsequent to December 1, 1989.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the extended year summer program and food service enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal subsidies for the food service operation are considered nonoperating revenues.

**ORADELL BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Assets or Equity**

***1. Deposits and Investments***

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

***2. Receivables and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

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

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenue is recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred revenues. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1<sup>st</sup> in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

***3. Inventories***

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

**ORADELL BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**4. *Capital Assets***

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	50
Building Improvements	40
Heavy Equipment	15
Office Equipment and Furniture	10
Vehicles	8
Computer Equipment	5

**5. *Compensated Absences***

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements. There was no liability reported in the proprietary funds at year end.

ORADELL BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

6. *Long-term obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt using the straight-line method.

In the fund financial statements, governmental fund types recognize bond issuance costs, during the current period. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. *Fund Equity*

Beginning with fiscal year 2011, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**Restricted Fund Balance** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

*Capital Reserve* – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2B.)

*Emergency Reserve* – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education.

*Reserved Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2011 audited excess surplus that is required to be appropriated in the 2012/2013 original budget certified for taxes.

*Legally Restricted (Capital Outlay Commissioner Cap Waiver) Designated for Subsequent Year's Expenditures* – This reserve was created in accordance with NJAC 6A:23A-12.4(e)2 to represent the unexpended appropriations of a Commissioner approved capital outlay tax levy waiver in the 2009/2010 District budget that was appropriated in the 2011/2012 original budget certified for taxes.

**Committed Fund Balance** – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

*Year-End Encumbrances* – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

**ORADELL BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**7. Fund Equity (Continued)**

**Assigned Fund Balance** – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

*Year-End Encumbrances* – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

*Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2011/2012 District budget certified for taxes.

**Unassigned Fund Balance** – Represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

**8. Reclassifications**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the requirements of the New Jersey Department of Education ("the Department"), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2010/2011. During 2010/2011 the Board increased the original budget by \$393,805. The increase was funded by capital reserve appropriated, additional grant awards and the reappropriation of prior year general fund encumbrances.

**ORADELL BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. 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 committed and/or assigned 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 which are reappropriated and honored during the subsequent fiscal year.

**B. Capital Reserve**

A capital reserve account was established by the District on October 5, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve 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 appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the fiscal year ended June 30, 2011 is as follows:

Balance, July 1, 2010	\$ 176,961
Increases:	
Deposits Approved by Board Resolution	<u>80,000</u>
	256,961
Withdrawals:	
Approved by Board Resolution	<u>(169,745)</u>
Balance, June 30, 2011	<u>\$ 87,216</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

**ORADELL BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**C. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2011 is \$153,920. This amount will be appropriated in the 2012/2013 original budget certified for taxes.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

**Deposits**

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2011, the book value of the Board's deposits was \$1,004,115 and bank balances of the Board's cash and deposits amounted to \$1,335,285. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	\$ <u>1,335,285</u>
---------	---------------------

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk.. As of June 30, 2011 none of the Board's bank balance was exposed to custodial credit risk.

**ORADELL BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Deposits and Investments (Continued)**

**Investments**

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, 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, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2011, the Board had no outstanding investments.

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

**B. Receivables**

Receivables as of June 30, 2011 for the district’s individual major funds, nonmajor, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Nonmajor Food Service</u>	<u>Total</u>
Receivables:					
Intergovernmental	\$ 36,115	\$ 55,878	\$ 113,164	\$ 750	\$ 205,907
Accounts	<u>10,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,408</u>
Gross Receivables	46,523	55,878	113,164	750	216,315
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 46,523</u>	<u>\$ 55,878</u>	<u>\$ 113,164</u>	<u>\$ 750</u>	<u>\$ 216,315</u>

**ORADELL BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables (Continued)**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
General Fund	
Prepaid Tuition	\$ 3,250
Special Revenue Fund	
Unencumbered grant draw downs	7,407
Capital Projects Fund	
Unrealized School Facility Grants	<u>4,362</u>
 Total Deferred Revenue for Governmental Funds	 <u>\$15,019</u>

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

	<u>Balance, July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2011</u>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 5,592			\$ 5,592
Construction in Progress	4,557	\$ 272,004	\$ (4,557)	272,004
Total Capital Assets, Not Being Depreciated	<u>10,149</u>	<u>272,004</u>	<u>(4,557)</u>	<u>277,596</u>
Capital Assets, Being Depreciated:				
Land Improvements	52,200			52,200
Building and Building Improvements	20,210,613	4,557		20,215,170
Machinery and Equipment	269,602	-	-	269,602
Total Capital Assets Being Depreciated	<u>20,532,415</u>	<u>4,557</u>	<u>-</u>	<u>20,536,972</u>
Less Accumulated Depreciation for:				
Land Improvements	(41,987)	(1,074)		(43,061)
Building and Building Improvements	(5,840,590)	(481,967)		(6,322,557)
Machinery and Equipment	(184,426)	(34,627)	-	(219,053)
Total Accumulated Depreciation	<u>(6,067,003)</u>	<u>(517,668)</u>	<u>-</u>	<u>(6,584,671)</u>
Total Capital Assets, Being Depreciated, Net	<u>14,465,412</u>	<u>(513,111)</u>	<u>-</u>	<u>13,952,301</u>
Government Activities Capital Assets, Net	<u>\$ 14,475,561</u>	<u>\$ (241,107)</u>	<u>\$ (4,557)</u>	<u>\$ 14,229,897</u>

**ORADELL BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets (Continued)**

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental Activities:**

Instruction	
Regular	\$ 4,808
Total Instruction	<u>4,808</u>
Support Services	
Student and Instruction Services	493
General Administration	7,112
Operations and Maintenance of Plant	502,465
Pupil Transportation	<u>2,790</u>
Total Support Services	<u>512,860</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 517,668</u>

**D. Interfund Receivables, Payables, and Transfers**

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

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 28,564
General Fund	Capital Projects Fund	87,194
General Fund	Payroll Agency Fund	409
Unemployment Compensation Trust Fund	Payroll Agency Fund	<u>3,282</u>
		<u>\$ 119,449</u>

The above balances are the result of revenues received in one fund which are due to another fund and to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

**ORADELL BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Interfund Receivables, Payables, and Transfers (Continued)**

**Interfund transfers**

	<u>Transfers In</u>		<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	
<u>Transfers Out:</u>			
General Fund		\$ 169,745	\$ 169,745
Capital Projects Fund	\$ 23	-	23
	<u>\$ 23</u>	<u>\$ 169,745</u>	<u>\$ 169,768</u>

The above transfers are the result of revenues earned in one fund to finance expenditures in another fund.

**E. Leases**

**Lease Purchase Agreements**

The District has entered into a lease purchase agreement for the acquisition of computers, non-capital supplies and materials. The lease is for a term of three years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

**Governmental Activities:**

Year Ending <u>June 30,</u>	<u>Governmental Activities</u>
2012	<u>\$ 11,008</u>
Total Minimum Lease Payments	11,008
Less: Amount Representing Interest	<u>(1,041)</u>
Present Value of Minimum Lease Payments	<u>\$ 9,967</u>

**ORADELL BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-Term Debt**

**General Obligation Bonds**

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and to finance its Early Retirement Incentive Program (“ERIP”) pension obligation. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2011 are comprised of the following issues:

\$215,000, 2003 Refunding School Pension (ERIP) Bonds, due in annual installments of \$25,000 through October 1, 2012, interest at 5.50%	\$ 50,000
\$7,217,000, 2004 Bonds, due in annual installments of \$320,000 to \$440,000 through February 15, 2025, interest at 3.750% to 4.125%	<u>5,602,000</u>
	<u>\$5,652,000</u>

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

**Governmental Activities:**

Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$ 345,000	\$ 225,501	\$ 570,501
2013	355,000	212,126	567,126
2014	345,000	199,064	544,064
2015	360,000	186,126	546,126
2016	375,000	172,626	547,626
2017-2021	2,115,000	623,730	2,738,730
2022-2025	<u>1,757,000</u>	<u>181,005</u>	<u>1,938,005</u>
	<u>\$ 5,652,000</u>	<u>\$ 1,800,178</u>	<u>\$ 7,452,178</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2011 was as follows:

2.5% of Equalized Valuation Basis (Municipal)	\$ 44,689,519
Less: Net Debt	<u>5,602,000</u>
Remaining Borrowing Power	<u>\$ 39,087,519</u>

**ORADELL BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-Term Debt (Continued)**

**Changes in long-term liabilities**

Long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

	Balance, <u>July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2011</u>	Due Within <u>One Year</u>
<b>Governmental activities:</b>					
Bonds Payable	\$ 5,982,000		\$ 330,000	\$ 5,652,000	\$ 345,000
Lease Purchase Agreements	33,052		23,085	9,967	9,967
Compensated Absences	<u>35,998</u>	<u>\$ 6,438</u>	<u>-</u>	<u>42,436</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 6,051,050</u>	<u>\$ 6,438</u>	<u>\$ 353,085</u>	<u>\$ 5,704,403</u>	<u>\$ 354,967</u>

For the governmental activities, compensated absences are generally liquidated by the general fund.

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur.

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

NESBIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance funds are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

**ORADELL BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

During the 2009/2010 fiscal year, the District elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's fiduciary trust fund for the current and previous year:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$ 9,195	\$ 30,728	\$ 8,331	\$ 37,216
2009-2010		11,163	5,640	5,534

**B. Contingent Liabilities**

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2011, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2011, the District has not estimated its arbitrage earnings due to the IRS, if any.

**D. Employee Retirement Systems and Pension Plans**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

**ORADELL BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Public Employees' Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

**Teachers' Pension and Annuity Fund (TPAF)** – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

**Other Pension Funds**

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**ORADELL BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Investment Valuation**

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**Significant Legislation**

P.L. 2010, c. 1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement system.

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7<sup>th</sup> of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

**Funding Status and Funding Progress**

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFERS") is 72.1 percent and \$15.1 billion.

**ORADELL BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Funding Status and Funding Progress (Continued)**

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the June 30, 2009 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 5.5% for PERS, 5.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**ORADELL BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

During the years ended June 30, 2011, 2010 and 2009 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

<u>Year Ended</u> <u>June 30,</u>	<u>PERS</u>	<u>On-behalf</u> <u>TPAF</u>	<u>DCRP</u>
2011	\$ 116,426	\$ 15,078	\$ 2,357
2010	93,361	15,214	None
2009	76,171	15,144	None

During the last three fiscal years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$15,078, \$15,214 and \$15,214 during 2010/2011, 2009/2010 and 2008/2009, respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$329,404 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans (OPEB)*, effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 514 state and local participating employers and contributing entities for Fiscal Year 2010.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

**Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) –** The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

**ORADELL BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Health Benefits Program Fund (HBPF) – Local Education (Continued)**

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

**Significant Legislation**

P.L. 2010, c.2 effective May 21, 2010, makes changes to the SHBP-State/Local Government/Local Education concerning eligibility, cost sharing, choice of a plan, the application of benefit changes, the waiver of coverage, and multiple coverage under such plans. It also requires contributions toward the cost of health care benefits coverage by public employees and certain retirees.

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

**Funded Status and Funding Progress**

As of June 30, 2009, the most recent actuarial valuation date, the State had a \$56.8 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$20.5 billion for state active and retired members and \$36.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**ORADELL BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Actuarial Methods and Assumptions**

In the June 30, 2009, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2010, there were 87,288 retirees receiving post-retirement medical benefits and the State contributed \$883.8 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education 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 State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2011, 2010 and 2009 were \$320,264, \$285,747 and \$288,902, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**ORADELL BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 9,463,926		\$ 9,463,926	\$ 9,463,926	
Tuition				50,820	\$ 50,820
Interest	21,282		21,282	11,291	(9,991)
Miscellaneous	-	-	-	43,884	43,884
<b>Total Local Sources</b>	<b>9,485,208</b>	<b>-</b>	<b>9,485,208</b>	<b>9,569,921</b>	<b>84,713</b>
State Sources					
Special Education Aid	38,169		38,169	38,169	-
Extraordinary Aid	32,000		32,000	129,999	97,999
Nonpublic School Transportation Aid				3,132	3,132
On-behalf TPAF Pension Contributions - NCGI (Non-Budget)				15,078	15,078
On-behalf TPAF Post Retirement Medical Benefits Contributions (Non-Budget)				320,264	320,264
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	329,404	329,404
<b>Total State Sources</b>	<b>70,169</b>	<b>-</b>	<b>70,169</b>	<b>836,046</b>	<b>765,877</b>
<b>Total Revenues</b>	<b>9,555,377</b>	<b>-</b>	<b>9,555,377</b>	<b>10,405,967</b>	<b>850,590</b>
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	481,912	\$ 2,205	484,117	484,117	
Grades 1-5	2,243,076	6,272	2,249,348	2,249,303	45
Grades 6-8	460,036	(1,848)	458,188	457,716	472
Regular Program - Home Instruction Other Salaries for Instruction	2,500	(2,500)			
Regular Programs - Undistributed Instruction					
Purchased Professional - Educational Services	1,000		1,000	850	150
Purchased Technical Services	6,500	5,103	11,603	5,869	5,734
Other Purchased Services	25,513		25,513	21,265	4,248
General Supplies	229,900	(12,280)	217,620	204,443	13,177
Textbooks	-	32,291	32,291	32,291	-
<b>Total Regular Programs</b>	<b>3,450,437</b>	<b>29,243</b>	<b>3,479,680</b>	<b>3,455,854</b>	<b>23,826</b>
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	49,828	50,867	100,695	100,468	227
Other Salaries for Instruction		40,232	40,232	40,038	194
Purchased Professional-Educational Services		40,520	40,520	40,520	
General Supplies	925	11	936	936	-
<b>Total Learning and/or Language Disabilities</b>	<b>50,753</b>	<b>131,630</b>	<b>182,383</b>	<b>181,962</b>	<b>421</b>

**ORADELL BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education (Continued)					
Resource Room					
Salaries of Teachers	\$ 293,090	\$ 11,021	\$ 304,111	\$ 304,111	-
General Supplies	3,000	500	3,500	2,906	\$ 594
Textbooks	500	(500)	-	-	-
Total Resource Room	<u>296,590</u>	<u>11,021</u>	<u>307,611</u>	<u>307,017</u>	<u>594</u>
Preschool Disabilities - Part-Time					
Salaries of Teachers	55,995		55,995	54,945	1,050
Other Salaries for Instruction	40,233	(10,351)	29,882	29,435	447
General Supplies	2,000	-	2,000	1,057	943
Total Preschool Disabilities - Part-Time	<u>98,228</u>	<u>(10,351)</u>	<u>87,877</u>	<u>85,437</u>	<u>2,440</u>
Total Special Education	<u>445,571</u>	<u>132,300</u>	<u>577,871</u>	<u>574,416</u>	<u>3,455</u>
Basic Skills/Remedial					
Salaries of Teachers	167,894	21,354	189,248	189,248	
Other Salaries for Instruction	325	3,542	3,867	3,867	
General Supplies	1,200	-	1,200	1,182	18
Total Basic Skills/Remedial	<u>169,419</u>	<u>24,896</u>	<u>194,315</u>	<u>194,297</u>	<u>18</u>
Bilingual Education					
Other Salaries for Instruction	47,337	(4,975)	42,362	42,362	
General Supplies	100	-	100	-	100
Total Bilingual Education	<u>47,437</u>	<u>(4,975)</u>	<u>42,462</u>	<u>42,362</u>	<u>100</u>
School Sponsored Co/Extra-Curricular Activities					
Salaries	9,500	(2,500)	7,000	7,000	-
Total School Sponsored Co/Extra-Curricular Activities	<u>9,500</u>	<u>(2,500)</u>	<u>7,000</u>	<u>7,000</u>	<u>-</u>
Total Instruction	<u>4,122,364</u>	<u>178,964</u>	<u>4,301,328</u>	<u>4,273,929</u>	<u>27,399</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Special	135,938	(2,232)	133,706	133,706	
Tuition to CSSD & Reg. Day Schools	145,572	(182)	145,390	145,390	
Tuition to Priv. Sch. for the Disabled Within the State	<u>177,757</u>	<u>64,171</u>	<u>241,928</u>	<u>241,919</u>	<u>9</u>
Total Undistributed Expenditures - Instruction	<u>459,267</u>	<u>61,757</u>	<u>521,024</u>	<u>521,015</u>	<u>9</u>

**ORADELL BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 76,115	\$ 1,500	\$ 77,615	\$ 76,984	\$ 631
Salaries of Social Services Coordinators	4,000	(4,000)			
Purchased Professional and Technical Services	11,700	3,100	14,800	9,509	5,291
Supplies and Materials	6,200	(10)	6,190	5,795	395
Other Objects	1,100	-	1,100	1,002	98
<b>Total Health Services</b>	<b>99,115</b>	<b>590</b>	<b>99,705</b>	<b>93,290</b>	<b>6,415</b>
Speech, OT, PT & Related Services					
Salaries	149,766	(51,239)	98,527	98,527	
Purchased Professional-Educational Services	135,000	(35,073)	99,927	95,315	4,612
Supplies and Materials	1,000	-	1,000	979	21
<b>Total Speech, OT, PT &amp; Related Services</b>	<b>285,766</b>	<b>(86,312)</b>	<b>199,454</b>	<b>194,821</b>	<b>4,633</b>
Other Support Serv. Students - Extra. Svcs.					
Salaries	289,662	(51,983)	237,679	237,679	-
<b>Total Other Support Serv. Students - Extra. Serv.</b>	<b>289,662</b>	<b>(51,983)</b>	<b>237,679</b>	<b>237,679</b>	<b>-</b>
Child Study Team					
Salaries of Other Professional Staff	274,982	8,562	283,544	283,544	
Salaries of Secretarial and Clerical Assistants	56,714		56,714	56,440	274
Other Salaries	12,400	1,282	13,682	13,506	176
Purchased Professional-Technical Services	2,750		2,750	2,750	
Misc. Purch. Serv. (400-500 series o/than Resid. Costs)	4,540	(214)	4,326	3,968	358
Supplies and Materials	4,600		4,600	4,514	86
Other Objects	1,800	14	1,814	1,419	395
<b>Total Child Study Team</b>	<b>357,786</b>	<b>9,644</b>	<b>367,430</b>	<b>366,141</b>	<b>1,289</b>
Educational Media Services/School Library					
Salaries	83,885	(1,513)	82,372	82,144	228
Supplies and Materials	5,500	326	5,826	5,664	162
<b>Total Educational Media Serv./School Library</b>	<b>89,385</b>	<b>(1,187)</b>	<b>88,198</b>	<b>87,808</b>	<b>390</b>
Instructional Staff Training Services					
Other Salaries	10,000	(2,173)	7,827	7,827	-
Purchased Professional/Educational Services	77,963	3,272	81,235	81,235	
Other Purchased Services	4,600	(4,000)	600	442	158
Supplies and Materials	750	(750)	-	-	-
<b>Total Instructional Staff Training Services</b>	<b>93,313</b>	<b>(3,651)</b>	<b>89,662</b>	<b>89,504</b>	<b>158</b>

**ORADELL BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 192,841	\$ (12,320)	\$ 180,521	\$ 176,302	\$ 4,219
Legal Services	46,000	20,997	66,997	66,997	
Audit Fees	22,000	22,000	44,000	22,696	21,304
Other Purchased Professional Services	40,018	(122)	39,896	39,896	
Communications/Telephone	17,200	963	18,163	17,450	713
BOE Other Purchased Services	3,500	(2,300)	1,200	1,037	163
Miscellaneous Purchased Services	1,300	-	1,300	1,212	88
General Supplies	7,150	(2,450)	4,700	3,720	980
Miscellaneous Expenditures	11,550	(4,997)	6,553	6,537	16
BOE Membership Dues and Fees	6,340	-	6,340	5,906	434
<b>Total Support Services General Administration</b>	<b>347,899</b>	<b>21,771</b>	<b>369,670</b>	<b>341,753</b>	<b>27,917</b>
Support Services School Administration					
Salaries of Principal/Asst. Principals	217,970	2,200	220,170	220,170	
Salaries of Secretarial and Clerical Assistants	97,889	1,656	99,545	99,545	
Other Salaries		723	723	723	
Other Purchased Services	7,000		7,000	6,074	926
Supplies and Materials	4,000	(2,000)	2,000	1,683	317
Other Objects	2,450	1,000	3,450	2,005	1,445
<b>Total Support Services School Administration</b>	<b>329,309</b>	<b>3,579</b>	<b>332,888</b>	<b>330,200</b>	<b>2,688</b>
Central Services					
Salaries	241,164	2,438	243,602	243,415	187
Purchased Professional Services	1,800	(1,000)	800	283	517
Purchased Technical Services	1,900	1,600	3,500	3,165	335
Miscellaneous Purchased Services	2,000	(1,655)	345	254	91
Sale/Leaseback Payments	5,852	40	5,892	5,889	3
Supplies and Materials	4,500	(600)	3,900	2,987	913
Miscellaneous Expenditures	4,000	(1,000)	3,000	2,277	723
<b>Total Central Services</b>	<b>261,216</b>	<b>(177)</b>	<b>261,039</b>	<b>258,270</b>	<b>2,769</b>
Admin. Info. Tech.					
Salaries	10,000	(3,128)	6,872	6,840	32
Purchased Technical Services	35,000	(8,500)	26,500	26,000	500
Other Purchased Services	8,000	500	8,500	8,222	278
Supplies and Materials	1,500	-	1,500	1,434	66
<b>Total Admin. Info. Tech.</b>	<b>54,500</b>	<b>(11,128)</b>	<b>43,372</b>	<b>42,496</b>	<b>876</b>
Required Maintenance for School Facilities					
Salaries	111,052		111,052	110,835	217
Cleaning, Repair and Maintenance	29,360	15,000	44,360	43,250	1,110
General Supplies	30,000	(18,112)	11,888	9,405	2,483
<b>Total Required Maintenance for School Fac.</b>	<b>170,412</b>	<b>(3,112)</b>	<b>167,300</b>	<b>163,490</b>	<b>3,810</b>

**ORADELL BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 256,198	\$ (20,200)	\$ 235,998	\$ 230,099	\$ 5,899
Salaries of Non-Instructional Aides	74,500		74,500	73,171	1,329
Purchased Prof. And Technical Serv.	2,600		2,600	2,480	120
Cleaning, Repair and Maint. Serv.	50,000	(13,375)	36,625	33,860	2,765
Other Purchased Property Services	5,700	375	6,075	6,070	5
Insurance	67,500		67,500	67,061	439
Miscellaneous Purchased Services	1,700		1,700	808	892
General Supplies	41,075	(5,000)	36,075	33,440	2,635
Energy (Natural Gas)	125,000	(57,091)	67,909	44,235	23,674
Energy (Electricity)	130,000	20,000	150,000	130,307	19,693
Other Objects	1,000	-	1,000	-	1,000
<b>Total Custodial Services</b>	<u>755,273</u>	<u>(75,291)</u>	<u>679,982</u>	<u>621,531</u>	<u>58,451</u>
Student Transportation Services					
Contracted Services-Vendors					
(Other than Between Home and School) - Vendors	6,500	250	6,750	5,340	1,410
Contracted Services (Spl. Ed. Students)-Vendors	84,000	1,700	85,700	78,869	6,831
Contracted Serv.-Aid in Lieu of Payments-Non-Public	23,000	(6,465)	16,535	14,232	2,303
<b>Total Student Transportation Services</b>	<u>113,500</u>	<u>(4,515)</u>	<u>108,985</u>	<u>98,441</u>	<u>10,544</u>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	120,000	(392)	119,608	113,791	5,817
Other Retirement Contributions -PERS	110,000	6,426	116,426	116,426	
Other Retirement Contributions-DCRP		2,392	2,392	2,357	35
Unemployment Compensation	17,000		17,000	9,195	7,805
Workmen's Compensation	114,640	(26,447)	88,193	75,077	13,116
Health Benefits	1,459,236	(1,753)	1,457,483	1,456,446	1,037
Tuition Reimbursement	21,000	(8,000)	13,000	6,300	6,700
Other Employee Benefits	12,900	(5,025)	7,875	7,623	252
<b>Total Unallocated Benefits - Employee Benefits</b>	<u>1,854,776</u>	<u>(32,799)</u>	<u>1,821,977</u>	<u>1,787,215</u>	<u>34,762</u>
On-behalf TPAF Pension Contributions-NCGI					
(Non-Budget)				15,078	(15,078)
On-behalf TPAF - Post Retirement					
Medical Benefits (Non-Budget)				320,264	(320,264)
On-behalf TPAF Social Security Payments					
(Non-Budget)	-	-	-	329,404	(329,404)
<b>Total On-Behalf Payments</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>664,746</u>	<u>(664,746)</u>
<b>Total Undistributed Expenditures</b>	<u>5,561,179</u>	<u>(172,814)</u>	<u>5,388,365</u>	<u>5,898,400</u>	<u>(510,035)</u>
<b>Total Expenditures - Current Expenditures</b>	<u>9,683,543</u>	<u>6,150</u>	<u>9,689,693</u>	<u>10,172,329</u>	<u>(482,636)</u>

**ORADELL BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CAPITAL OUTLAY</b>					
Equipment					
Undistributed Expenditures:					
General Administration	-	\$ 17,000	\$ 17,000	\$ -	\$ 17,000
Total Equipment	-	17,000	17,000	-	17,000
Facilities Acquisition and Construction Services					
Other Objects	31,833	-	31,833	\$ 31,833	-
Total Facilities Acquisition and Construction Services	31,833	-	31,833	31,833	-
Total Capital Outlay	31,833	17,000	48,833	31,833	17,000
Total Expenditures	9,715,376	23,150	9,738,526	10,204,162	(465,636)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(159,999)	(23,150)	(183,149)	201,805	384,954
Other Financing Sources (Uses)					
Transfer In-Capital Projects Fund				23	23
Transfer Out-Capital Projects Fund	-	(169,745)	(169,745)	(169,745)	-
Total Other Financing Sources (Uses)	-	(169,745)	(169,745)	(169,722)	23
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(159,999)	(192,895)	(352,894)	32,083	384,977
Fund Balance, Beginning of Year	849,131	-	849,131	849,131	-
Fund Balance, End of Year	\$ 689,132	\$ (192,895)	\$ 496,237	\$ 881,214	\$ 384,977
Restricted Fund Balance:					
Capital Reserve				\$ 87,216	
Emergency Reserve				80,000	
Reserved Excess Surplus				153,920	
Legally Restricted - Designated for Subsequent Year's Expenditures				136,846	
Committed Fund Balance					
Year End Encumbrances				19,464	
Assigned Fund Balance:					
Year End Encumbrances				29,483	
Designated for Subsequent Year's Expenditures				23,154	
Unassigned Fund Balance				351,131	
Reconciliation to Governmental Funds Statements (GAAP):				881,214	
Less: State Aid Revenue Not Recognized on GAAP Basis				(129,999)	
Fund Balance Per Governmental Funds (GAAP)				\$ 751,215	

**ORADELL BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Modified Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
State		\$ 97,960	\$ 97,960	\$ 79,926	\$ (18,034)
Federal	\$ 201,500	76,740	278,240	273,434	(4,806)
Other	-	26,210	26,210	18,361	(7,849)
Total Revenues	<u>201,500</u>	<u>200,910</u>	<u>402,410</u>	<u>371,721</u>	<u>(30,689)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers		9,718	9,718	9,718	-
Tuition	162,574	8,609	171,183	168,946	2,237
Purchased Professional/Educational Services	23,576	9,702	33,278	32,707	571
General Supplies		68,621	68,621	59,257	9,364
Textbooks		10,118	10,118	9,081	1,037
Other Purchase Service	-	500	500	488	12
Total Instruction	<u>186,150</u>	<u>107,268</u>	<u>293,418</u>	<u>280,197</u>	<u>13,221</u>
Support Services					
Purchased Professional/Educational Services	15,350		15,350	15,350	-
Other Purchased Professional Services		3,800	3,800	3,329	471
Other Purchased Services		51,279	51,279	41,476	9,803
Miscellaneous Purchased Services	-	31,833	31,833	24,639	7,194
Total Support Services	<u>15,350</u>	<u>86,912</u>	<u>102,262</u>	<u>84,794</u>	<u>17,468</u>
Student Transportation Services					
Contracted Services	-	6,730	6,730	6,730	-
Total Student Transportation Services	<u>-</u>	<u>6,730</u>	<u>6,730</u>	<u>6,730</u>	<u>-</u>
Total Expenditures	<u>201,500</u>	<u>200,910</u>	<u>402,410</u>	<u>371,721</u>	<u>30,689</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ORADELL BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Funds 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 following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 10,405,967	\$ 371,721
Difference - Budget to GAAP:		
State Aid payment recognized for GAAP purposes, not recognized for Budgetary statements (2009/2010 State Aid)	182,411	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2010/2011 State Aid)	<u>(129,999)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 10,458,379</u>	<u>\$ 371,721</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 10,204,162</u>	<u>\$ 371,721</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 10,204,162</u>	<u>\$ 371,721</u>

**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

ORADELL BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

		Nonpublic Chapter 192			Nonpublic Chapter 193			
REVENUES	Local Donations	Compensatory Education	Transportation	Home Instruction	Corrective Speech	Exam. & Classification	Supplemental Instruction	To Exhibit E-1A
Intergovernmental								
State	\$ 18,361	\$ 26,374	\$ 6,730	\$ 820	\$ 13,847	\$ 7,972	\$ 3,474	\$ 59,217
Federal								
Other								18,361
<b>Total Revenues</b>	<b>\$ 18,361</b>	<b>\$ 26,374</b>	<b>\$ 6,730</b>	<b>\$ 820</b>	<b>\$ 13,847</b>	<b>\$ 7,972</b>	<b>\$ 3,474</b>	<b>\$ 77,578</b>
<b>EXPENDITURES</b>								
Instruction	\$ 7,056							\$ 7,056
Purchased Professional/Educational Services	10,817							10,817
General Supplies								
Textbooks	488							488
Other Purchase Service								
<b>Total Instruction</b>	<b>18,361</b>							<b>18,361</b>
Support Services								
Purchased Professional/Educational Services		\$ 26,374		\$ 820	\$ 13,847	\$ 7,972	\$ 3,474	29,848
Other Purchased Services								22,639
Miscellaneous Purchased Services			\$ 6,730					6,730
Contracted Services - Transportation								
<b>Total Support Services</b>		<b>26,374</b>	<b>6,730</b>	<b>820</b>	<b>13,847</b>	<b>7,972</b>	<b>3,474</b>	<b>59,217</b>
<b>Total Expenditures</b>	<b>\$ 18,361</b>	<b>\$ 26,374</b>	<b>\$ 6,730</b>	<b>\$ 820</b>	<b>\$ 13,847</b>	<b>\$ 7,972</b>	<b>\$ 3,474</b>	<b>\$ 77,578</b>

**ORADELL BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Exhibit E-1	Nonpublic Textbooks	Nonpublic Nursing	I.D.E.A. Part B Basic		I.D.E.A. Preschool	I.D.E.A. Part B Basic ARRA	I.D.E.A. Preschool ARRA	Grand Total
			2009/2010	2010/2011				
<b>REVENUES</b>								
Intergovernmental								
State	\$ 59,217	\$ 11,628	\$ 7,848	\$ 185,770	\$ 13,089	\$ 62,576	\$ 4,151	\$ 79,926
Federal								273,434
Other	18,361							18,361
<b>Total Revenues</b>	<b>\$ 77,578</b>	<b>\$ 11,628</b>	<b>\$ 7,848</b>	<b>\$ 185,770</b>	<b>\$ 13,089</b>	<b>\$ 62,576</b>	<b>\$ 4,151</b>	<b>\$ 371,721</b>
<b>EXPENDITURES</b>								
Instruction								
Salaries of Teachers						\$ 9,718		\$ 9,718
Tuition			\$ 7,848	\$ 149,716	\$ 11,382			168,946
Purchased Professional/Educational Services	\$ 7,056			\$ 20,704	\$ 1,707	\$ 47,529	\$ 3,240	\$ 32,707
General Supplies	10,817						911	59,257
Textbooks	\$ 488							9,081
Other Purchase Service								488
<b>Total Instruction</b>	<b>18,361</b>		<b>7,848</b>	<b>170,420</b>	<b>13,089</b>	<b>57,247</b>	<b>4,151</b>	<b>280,197</b>
Support Services								
Purchased Professional/Educational Services				15,350				15,350
Other Purchased Professional Services						3,329		3,329
Other Purchased Services	29,848	\$ 11,628						41,476
Miscellaneous Purchased Services	22,639					2,000		24,639
Contracted Services - Transportation	6,730							6,730
<b>Total Support Services</b>	<b>59,217</b>	<b>11,628</b>		<b>15,350</b>		<b>5,329</b>		<b>91,524</b>
<b>Total Expenditures</b>	<b>\$ 77,578</b>	<b>\$ 11,628</b>	<b>\$ 7,848</b>	<b>\$ 185,770</b>	<b>\$ 13,089</b>	<b>\$ 62,576</b>	<b>\$ 4,151</b>	<b>\$ 371,721</b>

**ORADELL BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID  
BUDGET VS. ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOT APPLICABLE**

**CAPITAL PROJECTS FUND**

**ORADELL BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Project</u>	<u>Modified Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance, June 30, 2011</u>
		<u>Prior Year</u>	<u>Current Year</u>	
Roof Replacement at Oradell Public School-Phase I	\$ 302,198	\$ 300,248		\$ 1,950
Roof Replacement at Oradell Public School-Phase II	180,828	179,778		1,050
Security System Installation	<u>282,909</u>	<u>-</u>	<u>\$ 272,004</u>	<u>10,905</u>
	<u>765,935</u>	<u>480,026</u>	<u>272,004</u>	<u>13,905</u>
<u>Reconciliation to GAAP</u>				
Project Balance - Budgetary Basis, June 30, 2011				13,905
Less: Unearned SDA Grant Revenue				<u>(4,362)</u>
Fund Balance - GAAP, June 30, 2011				<u>\$ 9,543</u>
<u>Recapitulation of Fund Balance</u>				
Restricted for Capital Projects Year End Encumbrances				\$ 17,545
Available (Deficit) for Capital Projects				<u>(8,002)</u>
Total Fund Balance - Restricted for Capital Projects, June 30, 2011				<u>\$ 9,543</u>

**ORADELL 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 and Other Financing Sources**

Revenues		
Interest	\$	23
SDA Grant Award		113,164
Other Financing Sources		
Transfer In - Capital Reserve		<u>169,745</u>
 Total Revenues and Other Financing Sources		 <u>282,932</u>

**Expenditures and Other Financing Uses**

Capital Outlays		
Purchased Professional and Technical Services		30,555
Construction Services		241,300
Other Objects		149
Other Financing Uses		
Transfers Out - General Fund		<u>23</u>
 Total Expenditures and Other Financing Uses		 <u>272,027</u>

Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses		10,905
 Fund Balance- Beginning of Year		 <u>3,000</u>
 Fund Balance- End of Year	\$	 <u>13,905</u>

Reconciliation to GAAP

Fund Balance - End of Year - Budgetary Basis	\$	13,905
Less: Unearned SDA Grant Revenue		<u>(4,362)</u>
 Fund Balance, June 30, 2011 - GAAP	\$	 <u>9,543</u>

**ORADELL BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
ROOF REPLACEMENT AT ORADELL PUBLIC SCHOOL - PHASE I  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources- SCC Grant	\$ 118,540		\$ 118,540	\$ 118,540
Local Contribution	<u>183,658</u>	<u>-</u>	<u>183,658</u>	<u>183,658</u>
 Total Revenues and Other Financing Sources	 <u>302,198</u>	 <u>-</u>	 <u>302,198</u>	 <u>302,198</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	24,635		24,635	26,585
Construction Services	274,880		274,880	274,880
Miscellaneous Expenditures	<u>733</u>	<u>-</u>	<u>733</u>	<u>733</u>
 Total Expenditures and Other Financing Uses	 <u>300,248</u>	 <u>-</u>	 <u>300,248</u>	 <u>302,198</u>
 Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 <u>\$ 1,950</u>	 <u>\$ -</u>	 <u>\$ 1,950</u>	 <u>\$ -</u>

**Additional project information:**

Project Number	P#3870-050-05-3400
Grant Date	6/7/2005
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$296,474
Additional Authorized Cost	5,724
Revised Authorized Cost	\$302,198
 Percentage Increase Over Original	
Authorized Cost	1.93%
Percentage Completion	100.00%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**ORADELL BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
ROOF REPLACEMENT AT ORADELL PUBLIC SCHOOL - PHASE II  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ 68,451		\$ 68,451	\$ 68,451
Local Contribution	112,377	-	112,377	112,377
	<u>180,828</u>	<u>-</u>	<u>180,828</u>	<u>180,828</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	18,750		18,750	18,750
Construction Services	161,028	-	161,028	162,078
	<u>179,778</u>	<u>-</u>	<u>179,778</u>	<u>180,828</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 1,050</u>	<u>\$ -</u>	<u>\$ 1,050</u>	<u>\$ -</u>

**Additional project information:**

Project Number	SP#3870-050-05-3400
Grant Date	8/7/2005
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$196,919
Additional Authorized Cost	
Reduced Authorized Costs	(16,901)
Revised Authorized Cost	\$180,828
Percentage Decrease Over Original Authorized Cost	-8.17%
Percentage Completion	100.00%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**ORADELL BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
SECURITY SYSTEM INSTALLATION  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant		\$ 113,164	\$ 113,164	\$ 113,164
Other Local Sources - Budget Transfer - Capital Reserve	-	169,745	169,745	169,745
	-	282,909	282,909	282,909
<b>Expenditures and Other Financing Uses</b>				
Legal Service				2,500
Purchased Professional and Technical Services		30,555	30,555	24,900
Construction Services		241,300	241,300	253,009
Other Objects	-	149	149	2,500
	-	272,004	272,004	282,909
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ -	\$ 10,905	\$ 10,905	\$ -
<b>Additional project information:</b>				
SDA Project Number	3870-050-10-1001			
Grant Date	7/23/10			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$	282,909		
Additional Authorized Cost				
Reduced Authorized Costs				
Revised Authorized Cost	\$	282,909		
<b>Percentage Decrease Over Original</b>				
Authorized Cost	0.00%			
Percentage Completion	96%			
Original Target Completion Date	N/A			
Revised Target Completion Date	N/A			

**ENTERPRISE FUND**

**ORADELL BOARD OF EDUCATION  
NON-MAJOR ENTERPRISE FUNDS  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2011**

	<u>Food Service</u>	<u>Integrated Preschool Program</u>	<u>Total Non-Major Enterprise Fund</u>
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 1,582		\$ 1,582
Intergovernmental Receivables - Federal	<u>750</u>	<u>-</u>	<u>750</u>
Total Current Assets	<u>2,332</u>	<u>-</u>	<u>2,332</u>
<b>LIABILITIES</b>			
Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS</b>			
Unrestricted	<u>2,332</u>	<u>-</u>	<u>2,332</u>
Total Net Assets	<u>\$ 2,332</u>	<u>\$ -</u>	<u>\$ 2,332</u>

**ORADELL BOARD OF EDUCATION  
NON-MAJOR ENTERPRISE FUNDS  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Food Service</u>	<u>Integrated Preschool Program</u>	<u>Total Non-Major Enterprise Fund</u>
<b>OPERATING REVENUES</b>			
Charges for Services			
Daily Sales-Special Milk Program	\$ 11,038	-	\$ 11,038
Total Operating Revenues	<u>11,038</u>	<u>-</u>	<u>11,038</u>
<b>OPERATING EXPENSES</b>			
Salaries and Benefits	3,000		3,000
Cost of Sales	<u>15,518</u>	<u>-</u>	<u>15,518</u>
Total Operating Expenses	<u>18,518</u>	<u>-</u>	<u>18,518</u>
Operating Loss	<u>(7,480)</u>	<u>-</u>	<u>(7,480)</u>
<b>NONOPERATING REVENUES</b>			
Federal Sources			
Special Milk Program	<u>3,940</u>	<u>-</u>	<u>3,940</u>
Total Nonoperating Revenues	<u>3,940</u>	<u>-</u>	<u>3,940</u>
Change in Net Assets	(3,540)	-	(3,540)
Net Assets, Beginning of Year	<u>5,872</u>	<u>-</u>	<u>5,872</u>
Net Assets, End of Year	<u>\$ 2,332</u>	<u>\$ -</u>	<u>\$ 2,332</u>

**ORADELL BOARD OF EDUCATION  
NON-MAJOR ENTERPRISE FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Food Service</u>	<u>Integrated Preschool Program</u>	<u>Total Non-Major Enterprise Fund</u>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 11,038		\$ 11,038
Cash Payments for Employees Salaries & Benefits	(3,000)		(3,000)
Cash Payments to Suppliers for Goods and Services	<u>(15,518)</u>	<u>-</u>	<u>(15,518)</u>
Net Cash Used for Operating Activities	<u>(7,480)</u>	<u>-</u>	<u>(7,480)</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Cash Received from State and Federal Subsidy Reimbursements	3,521		3,521
Cash Transfer to General Fund	<u>-</u>	<u>\$ (750)</u>	<u>(750)</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>3,521</u>	<u>(750)</u>	<u>2,771</u>
Net Decrease in Cash and Cash Equivalents	(3,959)	(750)	(4,709)
Cash and Cash Equivalents, Beginning of Year	<u>5,541</u>	<u>750</u>	<u>6,291</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,582</u>	<u>\$ -</u>	<u>\$ 1,582</u>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>			
Operating Loss	<u>\$ (7,480)</u>	<u>\$ -</u>	<u>\$ (7,480)</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities			
Change in Assets and Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total Adjustments	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Used for Operating Activities	<u>\$ (7,480)</u>	<u>\$ -</u>	<u>\$ (7,480)</u>

**FIDUCIARY FUNDS**

**ORADELL BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2011**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 37,864	\$ 54,080	\$ 91,944
Total Assets	<u>\$ 37,864</u>	<u>\$ 54,080</u>	<u>\$ 91,944</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 50,295	\$ 50,295
Accrued Salaries and Wages		68	68
Employee Deposits Payable		26	26
Due to Student Groups	\$ 37,864		37,864
Due to Other Funds	<u>-</u>	<u>3,691</u>	<u>3,691</u>
Total Liabilities	<u>\$ 37,864</u>	<u>\$ 54,080</u>	<u>\$ 91,944</u>

**ORADELL BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

THIS STATEMENT IS NOT APPLICABLE  
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Balance, July 1, 2010</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2011</u>
Student Activity Fund - Elementary	\$ 11,563	\$ 89,111	\$ 63,998	\$ 36,676
6th Grade Commencement	<u>1,130</u>	<u>20,786</u>	<u>20,728</u>	<u>1,188</u>
Total All Schools	<u>\$ 12,693</u>	<u>\$ 109,897</u>	<u>\$ 84,726</u>	<u>\$ 37,864</u>

**ORADELL BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Balance, July 1, <u>2010</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, June 30, <u>2011</u></b>
<b>ASSETS</b>				
Cash	\$ 196,052	\$ 6,786,819	\$ 6,928,791	\$ 54,080
Due from Other Funds	<u>2,468</u>	<u>-</u>	<u>2,468</u>	<u>-</u>
 Total Assets	 <u>\$ 198,520</u>	 <u>\$ 6,786,819</u>	 <u>\$ 6,931,259</u>	 <u>\$ 54,080</u>
 <b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 50,497	\$ 2,697,899	\$ 2,698,101	\$ 50,295
Accrued Salaries and Wages	68	3,659,851	3,659,851	68
Employee Deposits Payable	147,106	425,168	572,248	26
Due to Other Funds	<u>849</u>	<u>3,901</u>	<u>1,059</u>	<u>3,691</u>
 Total Liabilities	 <u>\$ 198,520</u>	 <u>\$ 6,786,819</u>	 <u>\$ 6,931,259</u>	 <u>\$ 54,080</u>

**LONG-TERM DEBT**

**ORADELL BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2010</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2011</u>
Refunding School Pension Bonds (ERIP)	4/10/03	\$ 215,000	10/1/2011	\$ 25,000	5.50%	\$ 75,000		\$ 25,000	\$ 50,000
			10/1/2012						
School Bonds	12/08/2004	7,217,000	2/15/2012	320,000	3.75%				
			2/15/2013	330,000	3.75%				
			2/15/2014	345,000	3.75%				
			2/15/2015	360,000	3.75%				
			2/15/2016	375,000	4.00%				
			2/15/2017	395,000	4.00%				
			2/15/2018	410,000	4.00%				
			2/15/2019	430,000	4.00%				
			2/15/2020	440,000	4.00%				
			2/15/2021	440,000	4.125%				
			2/15/2022	440,000	4.125%				
			2/15/2023	440,000	4.125%				
			2/15/2024	440,000	4.125%				
			2/15/2025	437,000	4.125%				
						5,907,000	-	305,000	5,602,000
						\$ 5,982,000	\$ -	\$ 330,000	\$ 5,652,000

**ORADELL BOARD OF EDUCATION  
LONG-TERM DEBT  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 547,720	-	\$ 547,720	\$ 547,720	-
Total Revenues	<u>547,720</u>	<u>-</u>	<u>547,720</u>	<u>547,720</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Interest on Early Retirement Bonds	3,438		3,438	3,438	
Redemption of Principal - Early Retirement Bonds	25,000		25,000	25,000	
Interest on Bonds	234,876		234,876	234,876	
Redemption of Bond Principal	305,000		305,000	305,000	
Total Expenditures	<u>568,314</u>	<u>-</u>	<u>568,314</u>	<u>568,314</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,594)	-	(20,594)	(20,594)	-
Fund Balance, Beginning of Year	<u>20,594</u>	<u>-</u>	<u>20,594</u>	<u>20,594</u>	<u>-</u>
Fund Balance, End of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>

EXHIBIT I-3

ORADELL BOARD OF EDUCATION  
 SCHEDULE OF LEASE PURCHASE AGREEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Purpose</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, June 30, 2010</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2011</u>
Computers -2009	\$ 42,253	7.56%	\$ 14,060		\$ 14,060	
Computers -2009	29,577	9.83%	18,992	-	9,025	9,967
			\$ 33,052	\$ -	\$ 23,085	\$ 9,967

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**ORADELL BOARD OF EDUCATION**  
**NET ASSETS BY COMPONENT**  
**LAST EIGHT FISCAL YEARS**  
*(Unaudited)*  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental activities</b>								
Invested in capital assets, net of related debt	\$ 2,258,077	\$ 2,930,375	\$ 4,407,484	\$ 7,071,295	\$ 7,808,063	\$ 8,341,191	\$ 8,598,561	\$ 8,655,897
Restricted	142	4,843	4,845	115	32,853	33,709	200,555	96,759
Unrestricted	630,212	683,260	581,493	465,529	194,475	48,856	254,361	476,468
<b>Total governmental activities net assets</b>	<b>\$ 2,888,431</b>	<b>\$ 3,618,478</b>	<b>\$ 4,993,822</b>	<b>\$ 7,536,939</b>	<b>\$ 8,035,391</b>	<b>\$ 8,423,756</b>	<b>\$ 9,053,477</b>	<b>\$ 9,229,124</b>
<b>Business-type activities</b>								
Invested in capital assets, net of related debt								
Restricted	\$ 61,812	\$ 65,540	\$ 59,924	\$ 48,774	\$ 26,788	\$ 6,688	\$ 9,698	\$ 5,320
Unrestricted	\$ 61,812	\$ 65,540	\$ 59,924	\$ 48,774	\$ 26,788	\$ 6,688	\$ 9,698	\$ 5,320
<b>Total business-type activities net assets</b>								
<b>District-wide</b>								
Invested in capital assets, net of related debt	\$ 2,258,077	\$ 2,930,375	\$ 4,407,484	\$ 7,071,295	\$ 7,808,063	\$ 8,341,191	\$ 8,598,561	\$ 8,655,897
Restricted	142	4,843	4,845	115	32,853	33,709	200,555	96,759
Unrestricted	692,024	748,800	641,417	514,303	221,263	55,544	264,059	481,788
<b>Total district net assets</b>	<b>\$ 2,950,243</b>	<b>\$ 3,684,018</b>	<b>\$ 5,053,746</b>	<b>\$ 7,585,713</b>	<b>\$ 8,062,179</b>	<b>\$ 8,430,444</b>	<b>\$ 9,063,175</b>	<b>\$ 9,234,444</b>

Note:  
 GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**ORADELL BOARD OF EDUCATION  
CHANGES IN NET ASSETS  
LAST EIGHT FISCAL YEARS  
(Unaudited)  
(accrual basis of accounting)**

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>								
Governmental activities								
Instruction								
Regular	\$ 3,481,942	\$ 3,978,458	\$ 4,026,119	\$ 4,340,287	\$ 4,552,618	\$ 4,518,582	\$ 4,666,175	\$ 4,752,019
Special education	1,099,322	1,153,701	1,137,188	1,163,057	1,207,437	1,205,103	1,317,169	1,566,078
Other instruction	274,216	212,819	180,059	210,827	276,003	291,203	289,864	331,567
School Sponsored Activities and Athletics	16,301	16,258	23,588	11,272	15,909	13,525	16,714	10,046
Support Services:								
Student & instruction related services	1,056,432	1,175,979	1,442,631	1,564,639	1,679,212	1,798,338	1,848,616	1,517,744
General administrative services	410,534	427,708	456,562	462,160	543,539	443,166	427,481	454,224
School administrative services	248,962	402,216	414,681	366,595	437,696	455,758	444,138	462,343
Central and other support services	272,738	347,517	364,747	396,595	403,909	386,714	400,964	406,208
Plant operations and maintenance	1,095,501	928,217	1,031,246	1,327,775	1,676,225	1,610,572	1,576,341	1,467,668
Pupil transportation	151,469	102,701	135,608	124,830	113,618	110,634	124,098	107,961
Interest on long-term debt	204,433	175,844	577,644	384,632	440,442	300,670	253,354	235,140
Total governmental activities expenses	8,311,850	8,921,418	9,790,073	10,352,669	11,346,608	11,134,265	11,364,014	11,310,998
Business-type activities:								
Food service	4,444	8,680	6,702	7,925	4,747	8,161	8,760	18,518
Summer Program	54,012	59,972	84,226	51,363	86,432	106,732	87,869	94,132
Total business-type activities expense	58,456	68,652	90,928	59,288	91,179	114,893	96,629	112,650
Total district expenses	\$ 8,370,306	\$ 8,990,070	\$ 9,881,001	\$ 10,411,957	\$ 11,437,787	\$ 11,249,158	\$ 11,460,643	\$ 11,423,648
<b>Program Revenues</b>								
Governmental activities:								
Charges for services:								
Instruction (tuition)	\$ 48,130	\$ 78,421	\$ 80,809	\$ 36,942	\$ 1,663,294	\$ 1,479,247	\$ 1,749,404	\$ 50,820
Operating grants and contributions	1,295,137	1,370,995	1,425,605	1,664,165	252,280	193,097	108,802	1,260,179
Capital grants and contributions	-	88,018	660,947	1,939,940	1,915,574	1,479,247	1,942,501	1,419,801
Total governmental activities program revenues	1,343,267	1,537,434	2,167,361	3,641,047	1,915,574	1,479,247	1,942,501	1,419,801
Business-type activities:								
Charges for services	\$ 4,557	\$ 4,471	\$ 4,190	\$ 6,310	\$ 7,234	\$ 4,671	\$ 6,979	\$ 11,038
Food service	74,250	64,861	78,920	39,385	59,565	88,517	89,760	93,294
Summer Program	2,561	3,048	2,202	2,443	2,394	1,605	2,900	3,940
Operating grants and contributions	81,368	72,380	85,312	48,138	69,193	94,793	99,639	108,272
Total business type activities program revenues	1,424,635	1,609,814	2,252,673	3,689,185	1,984,767	1,574,040	2,042,140	1,528,073
<b>Net (Expense)/Revenue</b>								
Governmental activities	\$ (6,968,583)	\$ (7,383,984)	\$ (7,622,712)	\$ (6,711,622)	\$ (9,431,034)	\$ (9,655,018)	\$ (9,421,513)	\$ (9,891,197)
Business-type activities	22,912	3,728	(5,616)	(11,150)	(21,986)	(20,100)	3,010	(4,378)
Total district-wide net expense	\$ (6,945,671)	\$ (7,380,256)	\$ (7,628,328)	\$ (6,722,772)	\$ (9,453,020)	\$ (9,675,118)	\$ (9,418,503)	\$ (9,895,575)

**ORADELL BOARD OF EDUCATION  
CHANGES IN NET ASSETS  
LAST EIGHT FISCAL YEARS  
(Unaudited)  
(accrual basis of accounting)**

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental activities:								
Property taxes levied for general purposes, net	\$ 6,958,278	\$ 7,066,923	\$ 7,326,968	\$ 7,681,644	\$ 8,352,058	\$ 8,686,141	\$ 9,453,471	\$ 9,463,926
Property taxes levied for debt service, net	794,877	806,580	1,358,518	1,331,741	1,333,482	1,333,211	555,564	547,720
Unrestricted grants and contributions	28,451	42,652	43,206	78,044	94,583	1,657		
Donation of capital assets		39,744	-					
Accrued interest on sale of bonds		4,733						
Investment earnings	13,431	128,632	249,368	149,842	125,332	15,918	10,332	11,314
Miscellaneous income	38,635	24,767	19,996	13,468	24,031	6,456	31,867	43,884
Transfers								
<b>Total governmental activities</b>	<b>7,833,672</b>	<b>8,114,031</b>	<b>8,998,056</b>	<b>9,254,739</b>	<b>9,929,486</b>	<b>10,043,383</b>	<b>10,051,234</b>	<b>10,066,844</b>
Business-type activities:								
Investment earnings								
Miscellaneous Income								
<b>Total business-type activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total district-wide</b>	<b>\$ 7,833,672</b>	<b>\$ 8,114,031</b>	<b>\$ 8,998,056</b>	<b>\$ 9,254,739</b>	<b>\$ 9,929,486</b>	<b>\$ 10,043,383</b>	<b>\$ 10,051,234</b>	<b>\$ 10,066,844</b>
<b>Change in Net Assets</b>								
Governmental activities	\$ 865,089	\$ 730,047	\$ 1,375,344	\$ 2,543,117	\$ 498,452	\$ 388,365	\$ 629,721	\$ 175,647
Business-type activities	22,912	3,728	(5,616)	(11,150)	(21,986)	(20,100)	3,010	(4,378)
<b>Total district</b>	<b>\$ 888,001</b>	<b>\$ 733,775</b>	<b>\$ 1,369,728</b>	<b>\$ 2,531,967</b>	<b>\$ 476,466</b>	<b>\$ 368,265</b>	<b>\$ 632,731</b>	<b>\$ 171,269</b>

Note:  
GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**ORADELL BOARD OF EDUCATION**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST EIGHT FISCAL YEARS**  
(Unaudited)  
*(modified accrual basis of accounting)*

	2004	2005	2006	2007	2008	2009	2010	2011
General Fund								
Reserved	\$ 549,491	\$ 755,982	\$ 569,297	\$ 582,531	\$ 266,610	\$ 92,181	\$ 385,149	
Unreserved	381,581	196,052	345,865	233,872	245,381	248,827	281,571	\$ 457,982
Restricted								19,464
Committed								52,637
Assigned								221,132
Unassigned								
<b>Total general fund</b>	<b>\$ 931,072</b>	<b>\$ 952,034</b>	<b>\$ 915,162</b>	<b>\$ 816,403</b>	<b>\$ 511,991</b>	<b>\$ 341,008</b>	<b>\$ 666,720</b>	<b>\$ 751,215</b>
All Other Governmental Funds								
Reserved	\$ 397,216	\$ 934,466	\$ 7,441,995	\$ 1,133,482	\$ 388,688	\$ 384,375		
Unreserved	36	6,639,378	(1,401,882)	(128,359)	32,738	33,594	\$ 23,594	\$ 9,543
Restricted								
Committed								
Assigned								
Unassigned								
<b>Total all other governmental funds</b>	<b>\$ 397,252</b>	<b>\$ 7,573,844</b>	<b>\$ 6,040,113</b>	<b>\$ 1,005,123</b>	<b>\$ 421,426</b>	<b>\$ 417,969</b>	<b>\$ 23,594</b>	<b>\$ 9,543</b>

Note:  
GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

**ORADELL BOARD OF EDUCATION  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST EIGHT FISCAL YEARS**  
(Unaudited)

*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>								
Property Tax levy	\$ 7,753,155	\$ 7,873,503	\$ 8,685,486	\$ 9,013,385	\$ 9,685,540	\$ 10,019,352	\$ 10,009,035	\$ 10,011,646
Tuition charges	48,130	78,421	80,809	36,942	-	-	-	50,820
Interest earnings	13,431	128,632	249,368	149,842	125,332	15,918	10,332	11,314
Miscellaneous	41,196	65,030	19,996	13,468	37,118	6,458	40,991	62,245
State sources	1,117,743	1,266,654	1,928,289	3,461,626	1,795,625	1,281,566	1,605,781	1,077,186
Federal sources	203,284	194,748	201,469	220,523	201,445	199,336	327,596	273,434
Total revenue	<u>9,176,939</u>	<u>9,606,988</u>	<u>11,165,417</u>	<u>12,895,786</u>	<u>11,845,060</u>	<u>11,522,630</u>	<u>11,993,735</u>	<u>11,486,645</u>
<b>Expenditures</b>								
Instruction								
Regular instruction	3,476,491	3,703,164	3,809,852	4,308,130	4,538,289	4,534,085	4,651,855	4,743,336
Special education instruction	1,098,245	1,148,426	1,136,093	1,141,132	1,206,925	1,231,477	1,318,396	1,563,623
Other instruction	274,216	212,819	180,059	210,827	276,003	291,203	289,864	331,567
School sponsored activities and athletics	15,781	16,258	23,588	11,272	15,715	13,460	16,714	10,046
Support Services:								
Student & inst. related services	1,056,432	1,170,898	1,442,588	1,564,640	1,679,005	1,798,062	1,853,723	1,517,251
General administrative services	403,737	420,295	449,619	460,160	529,506	432,141	417,731	445,112
School administrative services	248,962	400,171	414,464	352,510	437,588	455,650	441,447	462,235
Central and other support services	272,738	347,517	364,747	396,595	403,909	386,714	400,064	406,208
Plant operations and maintenance	926,775	924,486	1,031,624	1,102,205	1,213,735	1,135,933	1,088,343	965,203
Pupil transportation	151,469	102,701	135,608	124,830	111,843	107,591	121,055	105,171
Capital outlay	6,437	322,817	2,374,259	7,020,760	897,816	30,750	487,136	272,004
Debt service:								
Principal	610,000	640,000	890,000	940,000	970,000	1,040,123	713,655	353,085
Interest and other charges	208,799	221,615	483,519	396,474	452,835	311,711	262,415	241,360
Total expenditures	<u>8,750,082</u>	<u>9,631,167</u>	<u>12,736,020</u>	<u>18,029,535</u>	<u>12,733,169</u>	<u>11,768,900</u>	<u>12,062,398</u>	<u>11,416,201</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>426,857</u>	<u>(24,179)</u>	<u>(1,570,603)</u>	<u>(5,133,749)</u>	<u>(888,109)</u>	<u>(246,270)</u>	<u>(68,663)</u>	<u>70,444</u>
<b>Other Financing sources (uses)</b>								
Proceeds from borrowing	45,000	7,217,000				71,830		
Accrued Interest		4,733						
Transfers in		187,116	150,498	117,418	114,528	7,228	876,682	169,768
Transfers out		(187,116)	(150,498)	(117,418)	(114,528)	(7,228)	(876,682)	(169,768)
Total other financing sources (uses)	<u>45,000</u>	<u>7,221,733</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,830</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 471,857</u>	<u>\$ 7,197,554</u>	<u>\$ (1,570,603)</u>	<u>\$ (5,133,749)</u>	<u>\$ (888,109)</u>	<u>\$ (174,440)</u>	<u>\$ (68,663)</u>	<u>\$ 70,444</u>
Debt service as a percentage of noncapital expenditures	9.36%	9.26%	13.26%	12.14%	12.02%	11.52%	8.43%	5.33%

\* Noncapital expenditures are total expenditures less capital outlay.

Note:  
GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**ORADELL BOARD OF EDUCATION  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
LAST TEN YEARS  
(Unaudited)**

<b>Fiscal Year Ended June 30,</b>	<b><u>Interest Earned</u></b>	<b><u>Refunds/ Reimbursements</u></b>	<b><u>Tuition</u></b>	<b><u>E-Rate</u></b>	<b><u>Miscellaneous</u></b>	<b><u>Total</u></b>
2002	\$ 26,863		\$ 57,678		\$ 8,960	\$ 93,501
2003	16,598		40,968		17,147	74,713
2004	12,501	\$ 36,283	48,130		2,352	99,266
2005	124,133		78,421		24,767	227,321
2006	222,892		80,809		19,996	323,697
2007	32,424		36,942		13,468	82,834
2008	12,937	1,785		\$ 1,721	20,525	36,968
2009	13,003		1,323	200	4,933	19,459
2010	10,313	8,954		3,121	19,792	42,180
2011	11,291	24,154	50,820	1,709	18,021	105,995

**ORADELL BOARD OF EDUCATION  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	Total Assessed Value				Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
	Vacant Land	Residential	Commercial	Industrial				
2002	\$ 2,011,600	\$ 723,400,900	\$ 101,309,800	\$ 187,100	\$ 3,722,200	\$ 830,631,600	\$ 1,237,616	\$ 0.851
2003	2,476,600	725,379,400	101,206,200	187,100	3,722,200	832,971,500	1,115,561	0.930
2004	2,261,600	727,005,200	101,321,300	187,100	3,722,200	834,497,400	959,356	0.942
2005	2,219,100	729,239,000	101,714,700	187,100	3,722,200	837,082,100	862,613	1.037
2006	2,623,700	731,683,700	101,921,000	187,100	3,575,900	839,991,400	702,978	1.073
2007	2,623,700	733,704,800	99,879,500	187,100	3,575,900	839,971,000	843,283	1.152
2008	2,479,300	739,384,400	94,623,000	187,100	3,575,900	840,249,700	838,401	1.191
2009 (A)	4,151,900	1,400,052,700	205,794,900		8,253,800	1,618,612,300	838,401	0.618
2010	4,769,900	1,400,255,300	205,949,300		8,253,800	1,619,238,300	1,782,462	0.618
2011	3,901,100	1,408,484,200	201,008,500		8,137,800	1,621,531,600	1,736,535	0.630

(A) Borough undertook a revaluation of real property.

Source: County Abstract of Rates

**ORADELL BOARD OF EDUCATION**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN YEARS**  
**(Unaudited)**  
*(rate per \$100 of assessed value)*

Calendar Year	Total Direct School Tax Rate	Overlapping Rates			Total Direct and Overlapping Tax Rate
		River Dell Regional High School District	Municipality of Oradell	County of Bergen	
2002	\$ 0.851	\$ 1.109	\$ 0.793	\$ 0.332	\$ 3.085
2003	0.930	1.164	0.826	0.320	3.240
2004	0.942	1.268	0.865	0.325	3.400
2005	1.037	1.302	0.870	0.341	3.550
2006	1.073	1.393	0.945	0.369	3.780
2007	1.152	1.458	0.997	0.383	3.990
2008	1.191	1.429	1.019	0.404	4.043
2009	(A) \$ 0.618	0.758	0.549	0.217	2.142
2010	0.618	0.832	0.570	0.218	2.238
2011	0.630	0.811	0.617	0.226	2.284

(A) Borough undertook a revaluation of real property.

Source: County Abstract of Ratables

**ORADELL BOARD OF EDUCATION  
PRINCIPAL PROPERTY TAXPAYERS,  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

Taxpayer	2011		2002	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Cranston Associates	\$ 18,423,900	1.14%		
600 Kinderkamack Road LLC	16,784,200	1.04%		
Rio Vista Property	15,757,300	0.97%		
Multipoint			\$ 10,600,000	1.28%
Cranston Associates			10,414,000	1.26%
Rio Vista Property	10,214,800	0.63%		
Emerson Real Estate LLC	10,214,600	0.63%		
Kamack Realty Corp	9,657,400	0.60%		
Oradell Office Plaza	7,428,800	0.46%		
White Beeches Golf Club	7,417,000	0.46%		
Wilmington Trust Company			7,200,000	0.87%
PSE&G	7,038,000	0.43%		
Holy Name Real Estate Corp	5,788,000	0.36%		
680-690 Kinderkamack Road, L.P.			4,898,700	0.59%
Kamack Realty Corp			4,403,500	0.53%
White Beeches Golf Club			4,100,100	0.49%
Rivervale Realty			3,942,700	0.48%
Oradell Office Plaza			3,837,200	0.46%
PSE&G			3,813,400	0.46%
Hackensack Golf Club			3,609,800	0.44%
	<u>\$ 108,724,000</u>	<u>6.71%</u>	<u>\$ 56,819,400</u>	<u>6.86%</u>

Source: Municipal Tax Assessor

**ORADELL BOARD OF EDUCATION  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 6,589,768	\$ 6,589,768	100.00%	
2003	7,076,392	7,076,392	100.00%	
2004	7,753,155	7,753,155	100.00%	
2005	7,873,503	7,873,503	100.00%	
2006	8,685,486	8,685,486	100.00%	
2007	9,013,385	9,013,385	100.00%	
2008	9,685,540	9,685,540	100.00%	
2009	10,019,352	10,019,352	100.00%	
2010	10,009,035	10,009,035	100.00%	
2011	10,011,646	10,011,646	100.00%	

**ORADELL BOARD OF EDUCATION  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST SEVEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities						Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases and Lease Purchases	Grant Anticipation Note	Total District			
2005	\$ 7,397,000	\$ 3,085,000	\$ 15,000	\$	10,497,000	7,879	\$ 1,332	
2006	7,157,000	2,450,000			9,607,000	7,798	1,232	
2007	6,882,000	1,785,000		\$ 2,700,000	11,367,000	7,773	1,462	
2008	6,597,000	1,100,000		500,000	8,197,000	7,755	1,057	
2009	6,297,000	375,000	56,707		6,728,707	7,787	864	
2010	5,982,000	-	33,052		6,015,052	7,787 (E)	772	
2011	5,652,000	-	9,967		5,661,967	7,787 (E)	727	

(E) - Estimate

Source: District records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only seven years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**ORADELL BOARD OF EDUCATION**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST SEVEN FISCAL YEARS**  
**(Unaudited)**

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			
2005	\$ 7,397,000		\$ 7,397,000	0.88%	\$ 939
2006	7,157,000		7,157,000	0.85%	918
2007	6,882,000		6,882,000	0.82%	885
2008	6,597,000		6,597,000	0.78%	851
2009	6,297,000		6,297,000	0.39%	809
2010	5,982,000		5,982,000	0.37%	768
2011	5,652,000		5,652,000	0.35%	726

Source: District records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only seven years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**ORADELL BOARD OF EDUCATION  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2010  
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt:	
Oradell Board of Education (as of June 30, 2011)	\$ 5,652,000
Regional High School - Oradell's Share	8,485,797
Borough of Oradell	<u>16,541,850</u>
	<u>30,679,647</u>
Overlapping Debt Apportioned to the Municipality:	
Bergen County:	
County of Bergen (A)	6,639,876
Bergen County Utilities Authority - Wastewater (B)	<u>3,750,300</u>
	<u>10,390,176</u>
Total Direct and Overlapping Debt	<u>\$ 41,069,823</u>

## Source:

Borough of Oradell's 2010 Annual Debt Statement  
County of Bergen's 2010 Annual Debt Statement  
Bergen County Utilities Authority's 2010 Annual Audit

- (A) The debt for this entity was apportioned to Oradell by dividing the municipality's 2010 equalized value by the total 2010 equalized value for Bergen County.  
(B) The debt was computed based upon usage

ORADELL BOARD OF EDUCATION  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Legal Debt Margin Calculation for Fiscal Year 2010

Equalized valuation basis	
2010	\$ 1,753,550,249
2009	1,800,258,369
2008	1,808,933,692
	<u>\$ 5,362,742,310</u>
	\$ 1,787,580,770

Average equalized valuation of taxable property

Debt limit (2.5 % of average equalization value)	44,689,519
Total Net Debt Applicable to Limit	<u>5,602,000</u>
Legal debt margin	<u>\$ 39,087,519</u>

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 30,745,001	\$ 33,939,668	\$ 37,378,396	\$ 34,160,377	\$ 37,854,465	\$ 41,831,824	\$ 44,610,341	\$ 45,558,251	\$ 45,644,111	\$ 44,689,519
Total net debt applicable to limit	-	-	-	7,217,524	6,997,524	6,742,524	6,477,000	6,197,000	5,907,000	5,602,000
Legal debt margin	\$ 30,745,001	\$ 33,939,668	\$ 37,378,396	\$ 26,942,853	\$ 30,856,941	\$ 35,089,300	\$ 38,133,341	\$ 39,361,251	\$ 39,737,111	\$ 39,087,519
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	21.15%	18.49%	16.12%	14.52%	13.60%	12.94%	12.54%

Source: Annual Debt Statements

**ORADELL BOARD OF EDUCATION  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2002	7,995	\$ 51,931	3.70%
2003	7,958	51,291	3.00%
2004	7,935	54,669	3.00%
2005	7,879	56,963	2.90%
2006	7,798	63,021	2.80%
2007	7,773	67,113	2.50%
2008	7,755	67,696	3.30%
2009	7,787	64,388	5.90%
2010	7,787 (E)	64,388 (E)	6.10%
2011	7,787 (E)	64,388 (E)	N/A

Source: New Jersey State Department of Education

(E) Estimate

**ORADELL BOARD OF EDUCATION  
PRINCIPAL EMPLOYERS,  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

<u>Employer</u>	<u>2011</u>		<u>2002</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

**INFORMATION NOT AVAILABLE**

ORADELL BOARD OF EDUCATION  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction										
Regular	44.5	45.0	45.0	50.0	50.0	57.5	48.6	48.6	48.6	48.6
Special Education	5.0	6.0	6.0	13.0	10.0	9.0	9.5	9.5	9.5	9.5
Support Services:										
Student & instruction related services	18.8	14.2	14.0	8.2	7.0	8.0	9.6	10.6	10.6	10.6
General administration	2.0	2.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative services	4.0	4.0	3.0	4.0	4.0	2.0	4.0	4.0	4.0	4.0
Central services	3.6	5.6	4.6	3.0	3.0	3.6	3.6	3.6	3.6	3.4
Administrative Information Technology				1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	5.4	5.4	5.4	5.0	5.0	7.2	7.0	7.0	7.0	6.0
<b>Total</b>	<b>83.3</b>	<b>82.2</b>	<b>79.0</b>	<b>85.2</b>	<b>82.0</b>	<b>90.3</b>	<b>85.3</b>	<b>86.3</b>	<b>86.3</b>	<b>85.1</b>

Source: District Personnel Records

ORADELL BOARD OF EDUCATION  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Teacher/Pupil Ratio		Percentage Change	Teaching Staff	Elementary	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2002	689	\$ 6,846,670	\$ 9,937	58	1:12	3.08%	58		689	661	1.03%	95.94%
2003	707	7,445,983	10,532	63	1:11	5.98%	63		707	678	2.61%	95.90%
2004	749	7,924,846	10,581	65	1:11	0.46%	65		749	722	5.94%	96.40%
2005	765	8,446,735	11,041	63	1:11	4.36%	63		765	747	2.14%	97.65%
2006	770	9,006,949	11,697	63	1:11	5.94%	63		770	751	0.65%	97.53%
2007	791	9,672,301	12,228	63	1:11	4.54%	63		786	752	2.08%	95.67%
2008	794	10,412,518	13,114	67	1:11	7.25%	67		794	763	1.02%	96.10%
2009	790	10,386,316	13,147	63	1:11	0.25%	63		790	759	1.04%	96.08%
2010	782	10,599,192	13,554	63	1:11	3.09%	63		782	759	1.03%	97.06%
2011	805	10,549,752	13,105	63	1:11	-3.31%	63		804	773	2.81%	96.14%

Sources: District records

ORADELL BOARD OF EDUCATION  
 SCHOOL BUILDING INFORMATION  
 LAST TEN FISCAL YEARS  
 (Unaudited)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>District Building</u>										
Elementary										
Square Feet	99,440	99,440	99,440	99,440	99,440	99,440	113,440	113,440	113,440	113,440
Capacity (students)	795	795	795	795	795	795	853	853	853	853
Enrollment	689	707	749	765	770	791	794	790	782	805

Number of Schools at June 30, 2011  
 Elementary = 1

Source: District Records

ORADELL BOARD OF EDUCATION  
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 LAST TEN YEARS  
 (Unaudited)

<u>School Facilities</u>	<u>Project No.</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES 11-000-261-XXX										
Oradell Elementary School	N/A	\$ 75,221	\$ 69,884	\$ 92,849	\$ 156,501	\$ 155,015	\$ 128,970	\$ 105,627	\$ 92,313	\$ 163,490

Source: District Records

Note:  
 Beginning in fiscal year 2001, the New Jersey State Department of Education required Districts to report maintenance expenditures by location, therefore, ten years of data is not required or available.

**ORADELL BOARD OF EDUCATION  
INSURANCE SCHEDULE  
JUNE 30, 2011  
(Unaudited)**

	<u>Coverage (A)</u>	<u>Deductible (A)</u>
Northeast Bergen County School Board Group		
School Package Policy		
Property-Blanket Building & Contents (Oradell School Only)	\$ 25,351,995	\$ 5,000
Flood/Earthquake	5,000,000	50,000
General Liability	2,000,000	
Employee Benefit Liability	2,000,000	1,000
Commercial Automobile Liability	1,000,000	1,000
Commercial Umbrella Coverage	9,000,000	10,000
Commercial Umbrella Excess Coverage	50,000,000	
Public Employee Dishonesty		
Per Employee (Primary)	100,000	5,000
Per Loss (Excess)	400,000	
Forgery or Alteration	50,000	1,000
Educators Legal Liability	1,000,000	5,000
Employment Practice Liability	1,000,000	10,000
Environmental Liability	3,000,000	15,000
Public Employees' Faithful Performance Blanket		
Position Bonds		
Board Secretary	200,000	
Treasurer	200,000	

(A) Coverage represents total amount covered for all members of the Northeast Bergen County School Board Group unless otherwise noted.

Source: District's records

**SINGLE AUDIT SECTION**

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208  
FAIR LAWN, NJ 07410  
TELEPHONE (201) 791-7100  
FACSIMILE (201) 791-3035  
WWW.LVHCPA.COM

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA  
EDWARD N. KERE, CPA

## 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 Trustees  
Oradell Board of Education  
Oradell, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oradell Board of Education as of and for the fiscal year ended June 30, 2011, which collectively comprise the Oradell Board of Education's basic financial statements and have issued our report thereon dated November 18, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

### Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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. However, we identified a certain deficiency in internal control over financial reporting described in the accompanying schedule of findings and responses as item 2011-1 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Compliance and Other Matters

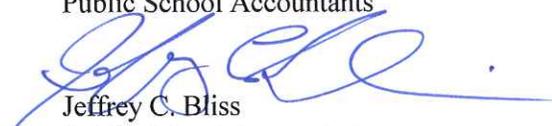
As part of obtaining reasonable assurance about whether the Oradell Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey and which are described in the accompanying schedule of findings and responses as item 2011-1.

We also noted certain matters that we reported to management of the Oradell Board of Education in a separate report entitled, "Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 18, 2011.

Oradell Board of Education's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Oradell Board of Education's response and, accordingly, we express no opinion on the response.

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

LERCH, VINCI & HIGGINS, LLP  
 LERCH, VINCI & HIGGINS, LLP  
 Certified Public Accountants  
 Public School Accountants

  
 Jeffrey C. Bliss  
 Public School Accountant  
 PSA Number CS00932

Fair Lawn, New Jersey  
 November 18, 2011

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208  
FAIR LAWN, NJ 07410  
TELEPHONE (201) 791-7100  
FACSIMILE (201) 791-3035  
WWW.LVHCPA.COM

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA  
EDWARD N. KERE, CPA

## 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 Trustees  
Oradell Board of Education  
Oradell, New Jersey

### Compliance

We have audited the Oradell Board of Education's compliance 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 OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Oradell Board of Education's major state programs for the fiscal year ended June 30, 2011. Oradell Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Oradell Board of Education's management. Our responsibility is to express an opinion on Oradell Board of Education's compliance based on our audit.

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

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

### Internal Control Over Compliance

Management of Oradell Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Oradell Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

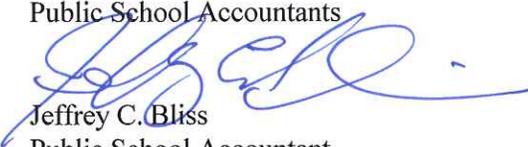
A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a state program 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 internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Lerch, Vinci & Higgins, LLP

LERCH, VINCI & HIGGINS, LLP  
 Certified Public Accountants  
 Public School Accountants

  
 Jeffrey C. Bliss  
 Public School Accountant  
 PSA Number CS00932

Fair Lawn, New Jersey  
 November 18, 2011

ORADELL BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2010		Due to Grantor	Carryover/ (Walkover) Amount		Cash Received	Budgetary Expenditures	Adjustments	Refund of Prior Years Balances	Balance June 30, 2011		(Memo) GAAP Receivable			
				(Accounts Receivable)	Deferred Revenue		(Walkover) A/R	Del. Rev.					(Account Receivable)	Deferred Revenue				
10.556	N/A	7/1/10-6/30/11	\$ 3,940						\$ 3,190							\$ (750)		
10.556	N/A	7/1/09-6/30/10	2,900					331									(750)	
Total U.S. Department of Education								3,521	3,940								(750)	
U.S. Department of Education																		
Passed-through State Department																		
of Education																		
NCLB																		
84.367A	09-3870	9/1/08-8/31/09	2,997			\$ 2,997						\$ 2,997						
84.298A	07-3870	9/1/07-8/31/08	2,311			6												
84.027	FT-3870-11	9/1/10-8/31/11	187,246						153,868					1,666			(31,902)	
84.027	FT-3870-10	9/1/09-8/31/10	187,217					64,003	7,848									
84.027	FT-3870-09	9/1/08-8/31/09	186,741															
84.173	PS-3870-09	9/1/10-8/31/11	13,089						10,122					1,084			(3,014)	
84.173	PS-3870-09	9/1/09-8/31/10	12,825															
84.391	N/A	9/1/09-8/31/11	196,661						118,738					1,822			(17,493)	
84.392	N/A	9/1/09-8/31/11	7,119						4,256					234			(2,649)	
Total U.S. Department of Education								(209,890)	77,942				3,003					(55,058)
Total Federal Awards								(210,221)	77,942				3,003					(55,808)

Note: This schedule was not subject to a Federal Single Audit in accordance with OMB Circular A-133.

See accompanying notes to schedule of expenditures of federal awards.

**ORADELL BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2010	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Years' Balances	Balances, June 30, 2011 (Accounts Receivable)	Deferred Revenue	Due to Grantor	Memo			
													GAAP Receivable	Cumulative Total Expenditures		
<b>State Department of Education</b>																
<b>General Fund:</b>																
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	\$ 21,432	\$ (1,965)	\$	\$ 1,965										
Special Education Aid	11-495-034-5120-089	7/1/10-6/30/11	38,169			38,169	38,169							\$	38,169	
Special Education Aid	10-495-034-5120-089	7/1/09-6/30/10	412,170	(37,785)		37,785										
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	40,104	(3,676)		3,676										
Extraordinary Aid	11-100-034-5120-473	7/1/10-6/30/11	129,999				129,999								129,999	
Extraordinary Aid	10-100-034-5120-473	7/1/09-6/30/10	138,985	(138,985)		138,985										
Nonpublic School Transportation Aid	N/A	7/1/10-6/30/11	3,132				3,132							\$ (3,132)	3,132	
Nonpublic School Transportation Aid	N/A	7/1/10-6/30/10	4,228	(4,228)		4,228										
Reimbursed TPAF Social Security Contribution	11-495-034-5095-002	7/1/10-6/30/11	329,404			296,421	329,404							(32,983)	329,404	
Reimbursed TPAF Social Security Contribution	10-495-034-5095-002	7/1/09-6/30/10	356,043	(34,805)		34,805										
On-Behalf TPAF Pension Contribution-NCGI	11-495-034-5095-007	7/1/10-6/30/11	15,078			15,078	15,078								15,078	
Medical Contribution	11-495-034-5095-001	7/1/10-6/30/11	320,264			320,264	320,264								320,264	
<b>Total General Fund</b>				(221,444)		891,376	836,046			(186,114)				(36,115)	836,046	
New Jersey Nonpublic Aid																
Textbook Aid	11-100-034-5120-064	7/1/10-6/30/11	10,118			10,118	9,081		\$ 1,714			\$ 1,037			9,081	
Textbook Aid	10-100-034-5120-064	7/1/09-6/30/10	11,132	1,714												
Nursing Services	11-100-034-5120-070	7/1/10-6/30/11	11,988			11,988	11,628					360			11,628	
Nursing Services	10-100-034-5120-070	7/1/09-6/30/10	13,201	396					396							
Auxiliary Services																
Compensatory Education	11-100-034-5120-067	7/1/10-6/30/11	31,648			31,648	26,374					5,274			26,374	
Compensatory Education	10-100-034-5120-067	7/1/09-6/30/10	24,952	4,548					4,548							
English as a Second Language	10-101-034-5120-067	7/1/09-6/30/10	979	573			6,730		573						6,730	
Transportation	11-100-034-5120-068	7/1/10-6/30/11	6,730			6,730	6,730									
Transportation	10-100-034-5120-068	7/1/09-6/30/10	5,909	1,909					1,909							
Handicapped Services																
Examination and Classification	11-100-034-5120-066	7/1/10-6/30/11	11,802			11,802	7,972					3,830			7,972	
Examination and Classification	10-100-034-5120-066	7/1/09-6/30/10	15,538	7,387					7,387							
Corrective Speech	11-100-034-5120-066	7/1/10-6/30/11	17,211			17,211	13,847					3,364			13,847	
Corrective Speech	10-100-034-5120-066	7/1/09-6/30/10	21,879	2,907					2,907							
Supplementary Instruction	11-100-034-5120-066	7/1/10-6/30/11	7,642			7,642	3,474					4,168			3,474	
Supplementary Instruction	10-100-034-5120-066	7/1/09-6/30/10	9,557	5,097			820				(820)			(820)	820	
Home Instruction	11-100-034-5120-066	7/1/10-6/30/11	820													
<b>Total Special Revenue Fund</b>				24,531		97,139	79,926		24,531		(820)	18,033		(820)	79,926	

**ORADELL BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2010	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Years' Balances	Balance, June 30, 2011		GAAP Receivable	Memo Cumulative Total Expenditures
										(Accounts Receivable)	Deferred Revenue		
NJ Economic Development Authority Security Project Boiler Replacement	SP#3870-050-10-1001	7/1/10-6/30/11	\$ 113,164	\$ (37,873)	-	\$ 37,856	\$ 108,802	\$ 17	-	\$ (113,164)	\$ 4,362	\$ (108,802)	\$ 108,802
	SP#3870-050-09-1001	7/1/09-6/30/10	260,590	-	-	-	-	-	-	-	-	-	-
Total Capital Projects Fund				(37,873)	-	37,856	108,802	17	-	(113,164)	4,362	(108,802)	108,802
Total State Financial Assistance				(234,786)	-	1,026,371	1,024,774	17	\$ 24,531	(280,098)	4,362	(145,737)	1,024,774
<b>State Financial Assistance</b>													
<b>Not Subject to Single Audit Determination</b>													
<b>General Fund</b>													
On-Behalf TPAF Pension Contribution-NCGI	11-495-034-5095-007	7/1/10-6/30/11	15,078	-	-	(15,078)	(15,078)	-	-	-	-	-	(15,078)
On-Behalf TPAF Post Retirement Medical Contribution	11-495-034-5095-001	7/1/10-6/30/11	320,264	-	-	(320,264)	(320,264)	-	-	-	-	-	(320,264)
Total State Financial Assistance Subject to Single Audit Determination				(234,786)	-	691,029	689,432	17	\$ 24,531	(280,098)	4,362	(145,737)	689,432

**ORADELL BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) 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 a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2.. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$52,412 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 888,458	\$ 888,458
Special Revenue Fund	\$ 273,434	79,926	353,360
Capital Projects Fund		108,802	108,802
Food Service Fund	3,940	-	3,940
	<hr/>	<hr/>	<hr/>
Total Financial Assistance	\$ 277,374	\$ 1,077,186	\$ 1,354,560

**ORADELL BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

**NOTE 5 OTHER INFORMATION**

TPAF Social Security contributions in the amount of \$329,404 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011. The amount reported as TPAF Pension System Contributions in the amount of \$15,078 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$320,264 represents the amount paid by the State on behalf of the District for the year ended June 30, 2011.

**NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's basic financial statements and the amount subject to State single audit and major program determination.

**ORADELL BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**Financial Statement Section**

- |  |                            |                                 |
|--|----------------------------|---------------------------------|
| A) Type of auditors' report issued:  | <u>Unqualified Opinion</u> |                                 |
| B) Internal control over financial reporting:  |                            |                                 |
| 1) Material weakness(es) identified?   | <u>          </u> yes      | <u>    X    </u> no             |
| 2) Were significant deficiencies identified that were<br>not considered to be material weaknesses? | <u>    X    </u> yes       | <u>          </u> none reported |
| C) Noncompliance material to the basic financial<br>statements noted?                              | <u>          </u> yes      | <u>    X    </u> no             |

**Federal Awards Section**

**NOT APPLICABLE**

**ORADELL BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

*Part I – Summary of Auditor’s Results*

**State Awards Section**

J) Dollar threshold used to distinguish Type A and Type B programs: \$ 300,000

K) Auditee qualified as low-risk auditee?  X  yes   no

L) Type of auditors' report on compliance for major programs: Unqualified

M) Internal Control over compliance:

1) Material weakness(es) identified?   yes  X  no

2) Were significant deficiencies identified that were not considered to be material weaknesses?   yes  X  none reported

N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04, as amended?   yes  X  none

O) Identification of major programs:

GMIS Number(s)	Name of State Program
<u>11-495-034-5095-002</u>	<u>Reimbursed TPAF Social Security Contributions</u>
<u> </u>	<u> </u>

**ORADELL BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

*Part 2 – Schedule of 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 in accordance with Government Auditing Standards.

**Finding 2011-1**

Our audit of contracts revealed that the original contract awards for the security project were in excess of the funds available for the project.

**Criteria or special requirements**

Certification of Availability of Funds

**Condition**

Board approved contracts for the security project were in excess of the state and local funds available at the time of the contract award.

**Context**

Board approved contracts for \$310,400. The state and local funds available were \$282,909, resulting in awards in excess of funds available in the amount of \$27,491. After the change orders were approved to reduce original contract amounts, the project was overencumbered by \$6,491 at June 30, 2011.

**Effect**

Funds are not available for commitments entered into by the Board resulting in project overexpenditure.

**Cause**

Unknown.

**Recommendation**

Internal control procedures be reviewed and revised to ensure that funds are made available prior to contract awards and appropriate action be taken to eliminate the over-committed balance in the security project.

**Management Response**

Management has reviewed this finding and has indicated it will revise its procedures to ensure corrective action is taken.

**ORADELL BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

*Part 3 – Schedule of Federal and State Award Findings and Questioned Costs*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

**CURRENT YEAR FEDERAL AWARDS**

Not Applicable

**CURRENT YEAR STATE AWARDS**

There are none.

**ORADELL BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
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.

**STATUS OF PRIOR YEAR FINDINGS**

There were none.