

SCHOOL DISTRICT
OF
POMPTON LAKES BOROUGH

Pompton Lakes Borough School District
Pompton Lakes, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011

Comprehensive Annual Financial Report

of the

Pompton Lakes Borough Board of Education

Pompton Lakes, New Jersey

For the Fiscal Year Ended June 30, 2011

Prepared by

Pompton Lakes Board of Education

Finance Department

POMPTON LAKES BOROUGH SCHOOL DISTRICT
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INTRODUCTORY SECTION

POMPTON LAKES PUBLIC SCHOOLS

237 VAN AVENUE
POMPTON LAKES, NJ 07442
(973) 835-1553
Fax (973) 835-1748

Nancy M. Ciavaglia, CPA
Business Administrator/Board Secretary

September 27, 2011

The Honorable President and Members of
the Board of Education
Pompton Lakes Borough School District
County of Passaic, New Jersey

Dear Board Members:

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

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

1) REPORTING ENTITY AND ITS SERVICES: The Pompton Lakes Borough School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Pompton Lakes Borough School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 12. These services include regular, vocational as well as special education for handicapped youngsters. The District completed the 2010-11 fiscal year with an average daily enrollment of 1652 students, which is a decrease of 90 students from the previous year's enrollment.

The Honorable President and Members of
the Board of Education
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The following details the changes in student enrollment over the last five years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment Student Enrollment</u>	<u>Percent Change</u>
2010-2011	1,652	-5.17%
2009-2010	1,742	-0.80%
2008-2009	1,756	-3.36%
2007-2008	1,817	0.94%
2006-2007	1,800	-0.28%

2) ECONOMIC CONDITION AND OUTLOOK: Recessionary times dictated no significant increases to the District's budget and no significant capital outlays. Continued fiscal problems at the State level could affect future state aid revenue.

3) MAJOR INITIATIVES: During 2010-2011, the District continued to implement the Pompton Lakes High School boiler replacement project referendum. In addition, upgrades were made to the District's athletic fields.

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

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

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

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

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

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

7) DEBT ADMINISTRATION: At June 30, 2011, the District's outstanding debt issues include \$93,551 of Economic Development Loans, and \$4,568,000 of serial bonds for capital improvements to the District's buildings.

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

9) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. Insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the District's CAFR.

The Board is a member of the Pooled Insurance Program of New Jersey (PIP). The PIP is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance coverage for their respective members. Additional information on the PIP is included in Note 12 to the Financial Statements.

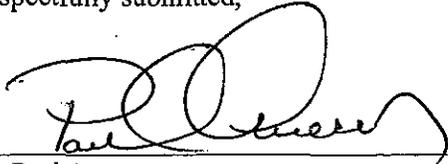
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the Board of Education
Pompton Lakes Borough School District
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10) OTHER INFORMATION:

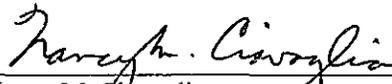
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed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

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

Respectfully submitted,

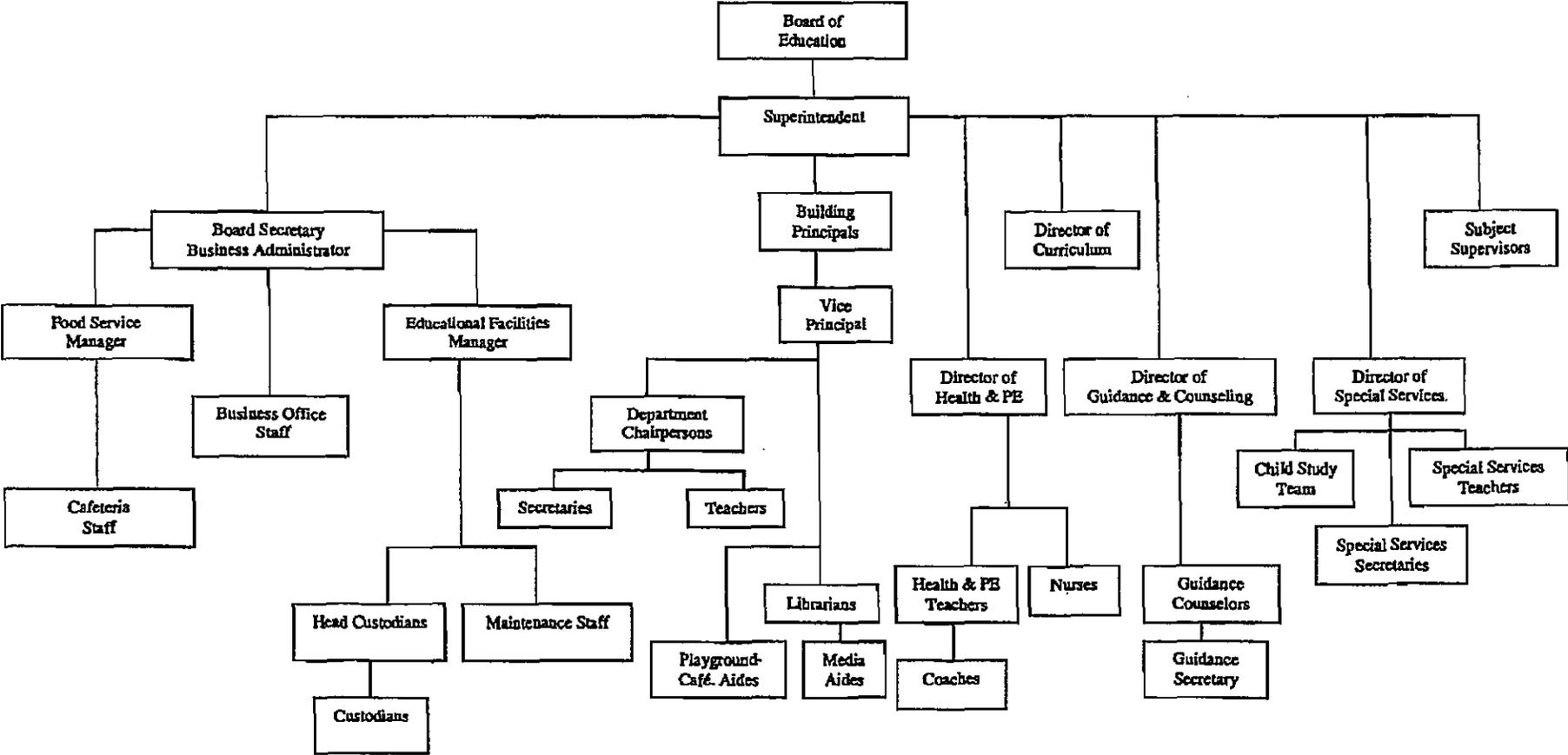


Dr. Paul Amoroso
Superintendent



Nancy M. Ciavaglia
Business Administrator/Board Secretary

POMPTON LAKES SCHOOL DISTRICT ORGANIZATIONAL CHART



**POMPTON LAKES BOROUGH SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2011**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Garry Luciani, President	2013
Jose Arroyo, Vice President	2014
Catherine Broksma	2012
Raymond Keating, III	2012
Nancy Lohse-Schwartz	2014
Carl Padula	2013
Tom Salus	2012
Stephanie Shaw	2013
Timothy Troast	2014
Shawn Dougherty (Riverdale Representative)	

Other Officers

Dr. Paul Amoroso, Superintendent of Schools (from 7/2011)
 Terrance R. Brennan, Superintendent of Schools (to 6/2011)
 Nancy M. Ciavaglia, CPA, Board Secretary/Business Administrator
 Herbert Diamond, Treasurer of School Monies
 Phillip Stern, Board Attorney

POMPTON LAKES BOROUGH DISTRICT
Consultants and Advisors

Architect

Environetics
180 Sylvan Avenue
Englewood Cliffs, NJ 07632

Audit Firm

Nisivoccia LLP, CPAs
Mount Arlington Corporate Center
200 Valley Road Suite 300
Mount Arlington, NJ 07856

Attorney

Adams, Stern, Gutierrez & Lattiboudere
744 Broad Street
Newark, NJ 07102

Bond Attorney

McManimon & Scotland, LLC
One Riverfront Plaza, 4th Floor
Newark, NJ 07102

FINANCIAL SECTION



Mount Arlington Corporate Center
 299 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1826 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-9999 | 973-393-6655 Fax

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Pompton Lakes Borough School District
 County of Passaic, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Pompton Lakes Borough School District in the County of Passaic as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements, as listed in the foregoing 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Pompton Lakes Borough School District in the County of Passaic 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 September 27, 2011 on our consideration of the Pompton Lakes Borough School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

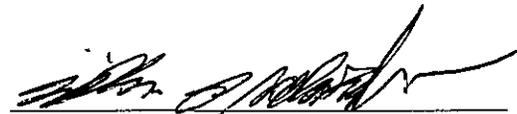
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Pompton Lakes Borough School District
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The Management's Discussion and Analysis and Budgetary Comparison Information on Schedules C-1 through C-3 and I-3 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Pompton Lakes District's basic financial statements. The accompanying introductory section, other supplementary information such as the combining and individual fund financial statements, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*; and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. The supplementary combining and individual fund financial statements, supplementary schedules and schedules of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

September 27, 2011
Mount Arlington, New Jersey

NISIVOCCIA LLP



William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Management Discussion and Analysis
For Fiscal Year Ended June 30, 2011
(Unaudited)**

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

Financial Highlights

- The District's financial status increased significantly on a district wide basis during the year.
- Overall revenue was \$31.22 million.
- Actual General Fund revenue (net of TPAF non-contributory insurance, post retirement and social security contributions) was \$139,945 higher than expected.

Overview of the Financial Statements

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

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

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

Figure A-1
Organization of Pompton Lakes Borough School District's Financial Report

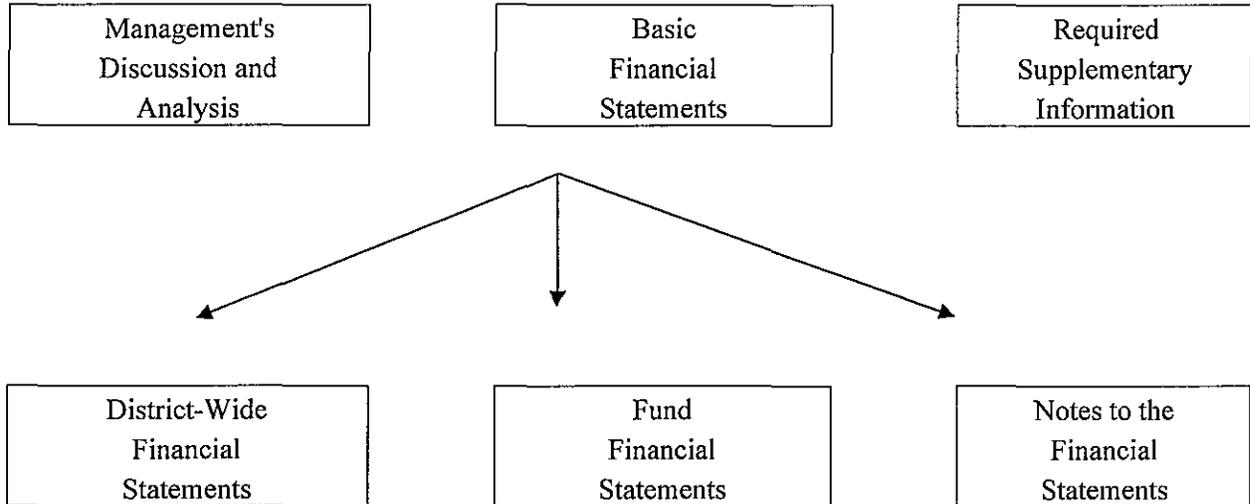


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.
- *Notes to financial statements*: Provide additional information essential for a full understanding of District-Wide and fund financial statements.

Financial Analysis of the District as a Whole

Net Assets. The District's combined net assets increased by 32.29%. Net assets from governmental activities increased \$801,277 and net assets from business-type activities decreased by \$1,017. Net assets invested in capital assets increased \$880,066, restricted net assets decreased \$24,052 and unrestricted net assets decreased \$55,754.

Figure A-3

	Condensed Statement of Net Assets						Percentage Change 2010/2011
	Government Activities		Business-Type Activities		Total School District		
	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	
Current and							
Other Assets	\$ 2,981,174	\$ 2,591,931	\$ 103,004	\$ 115,729	\$ 3,084,178	\$ 2,707,660	-12.21%
Capital Assets	6,964,900	7,545,053	151,390	137,115	7,116,290	7,682,168	7.95%
Total Assets	<u>9,946,074</u>	<u>10,136,984</u>	<u>254,394</u>	<u>252,844</u>	<u>10,200,468</u>	<u>10,389,828</u>	1.86%
Long-Term Debt							
Outstanding	7,377,302	6,894,691			7,377,302	6,894,691	-6.54%
Other Liabilities	340,626	212,870	4,019	3,486	344,645	216,356	-37.22%
Total Liabilities	<u>7,717,928</u>	<u>7,107,561</u>	<u>4,019</u>	<u>3,486</u>	<u>7,721,947</u>	<u>7,111,047</u>	-7.91%
Net Assets:							
Invested in Capital							
Assets, Net of							
Related Debt	1,989,161	2,883,502	151,390	137,115	2,140,551	3,020,617	41.11%
Restricted	2,163,436	2,139,384			2,163,436	2,139,384	-1.11%
Unrestricted/ (Deficit)	<u>(1,924,451)</u>	<u>(1,993,463)</u>	<u>98,985</u>	<u>112,243</u>	<u>(1,825,466)</u>	<u>(1,881,220)</u>	-3.05%
Total Net Assets	<u>\$ 2,228,146</u>	<u>\$ 3,029,423</u>	<u>\$ 250,375</u>	<u>\$ 249,358</u>	<u>\$ 2,478,521</u>	<u>\$ 3,278,781</u>	32.29%

Changes in Net Assets. The District's combined net assets were \$3,278,781 on June 30, 2011, \$800,260 or 32.29% more than they were the year before. (See Figure A-3). The increase in net assets invested in capital assets of \$880,066 is due to the retirement of \$285,000 of serial bonds payable, the retirement of \$29,188 of loans payable and the \$872,288 in capital assets additions offset by \$303,036 of depreciation expense and deletions, net of depreciation, of \$3,374.

Figure A-4

Change in Net Assets from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	Change
Revenue:							
Program Revenue:							
Charges for Services	\$ 1,760,349	\$ 1,705,558	\$ 283,655	\$ 274,895	\$ 2,044,004	\$ 1,980,453	-3.11%
Operating Grants and Contributions	3,658,773	3,734,391	106,192	115,580	3,764,965	3,849,971	2.26%
General Revenue:							
Property Taxes	21,821,305	22,394,878			21,821,305	22,394,878	2.63%
State Aid	3,482,076	2,855,772			3,482,076	2,855,772	-17.99%
Other	59,025	143,268	57	42	59,082	143,310	142.56%
Total Revenue	<u>30,781,528</u>	<u>30,833,867</u>	<u>389,904</u>	<u>390,517</u>	<u>31,171,432</u>	<u>31,224,384</u>	0.17%
Expenses:							
Instruction	18,283,129	18,006,193			18,283,129	18,006,193	-1.51%
Pupil and Instruction Services	5,481,063	4,881,559			5,481,063	4,881,559	-10.94%
Administrative and Business	3,125,953	2,860,832			3,125,953	2,860,832	-8.48%
Maintenance and Operations	3,239,984	3,316,860			3,239,984	3,316,860	2.37%
Transportation	694,479	585,210			694,479	585,210	-15.73%
Other	392,388	381,936	389,953	391,534	782,341	773,470	-1.13%
Total Expenses	<u>31,216,996</u>	<u>30,032,590</u>	<u>389,953</u>	<u>391,534</u>	<u>31,606,949</u>	<u>30,424,124</u>	-3.74%
Increase/(Decrease) in Net Assets	<u>\$ (435,468)</u>	<u>\$ 801,277</u>	<u>\$ (49)</u>	<u>\$ (1,017)</u>	<u>\$ (435,517)</u>	<u>\$ 800,260</u>	<u>283.75%</u>

Revenue Sources. The District's total revenue for the 2010/11 school year was \$31,224,384. (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$22,394,878 of the total, or 71.73 percent. (See Figure A-5). Another 21.47 percent came from state and federal aid for specific programs and contributions and the remainder from charges for services and other miscellaneous sources. It is important to note that of the Categorical Grants amount of \$3,638,011 over \$880,000 is included in funds that are not paid to the District, but are included in funding for Non-Contributory Insurance and Post Retirement Contributions that the State of New Jersey is paying on behalf of the District. Pompton Lakes Borough School District primarily conducts its operations from the revenues it receives from its local taxpayers and state formula aid.

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

	<u>Amount</u>	<u>Percentage</u>
Sources of Income:		
State Formula Aid	\$ 3,067,732	9.82%
Property Taxes	22,394,878	71.73%
Federal and State Categorical Grants	3,638,011	11.65%
Charges for Services	1,980,453	6.34%
Other	143,310	0.46%
	<u>\$ 31,224,384</u>	<u>100.00%</u>

The total cost of all programs and services was \$30,424,124. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (77.16 percent). (See Figure A-6). The District's administrative and business activities accounted for 9.40 percent of total costs.

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

	<u>Amount</u>	<u>Percentage</u>
Expense Category:		
Instruction	\$ 18,006,193	59.19%
Pupil and Instruction Services	4,881,559	16.05%
Administrative and Business	2,860,832	9.40%
Maintenance and Operations	3,316,860	10.90%
Transportation	585,210	1.92%
Other	773,470	2.54%
	<u>\$ 30,424,124</u>	<u>100.00%</u>

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District increased during the year. However, maintaining existing programs with current enrollment, the provision of a multitude of special programs/services for disabled pupils, and the double digit increases in District insurance policies place great demand on the District's resources. As a result, careful management of expenses remains essential for the District to sustain its financial health.

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

Figure A-7

	Net Cost of Governmental Activities			
	Total Cost of Services		Net Cost of Services	
	2009/2010	2010/2011	2009/2010	2010/2011
Sources of Income:				
Instruction	\$ 18,283,129	\$ 18,006,193	\$ 14,887,747	\$ 14,422,204
Pupil and Instruction Services	5,481,063	4,881,559	3,567,697	3,039,458
Administrative and Business	3,125,953	2,860,832	3,125,953	2,860,832
Maintenance and Operations	3,239,984	3,316,860	3,239,984	3,316,860
Transportation	694,479	585,210	584,105	571,351
Other	392,388	381,936	392,388	381,936
	<u>\$ 31,216,996</u>	<u>\$ 30,032,590</u>	<u>\$ 25,797,874</u>	<u>\$ 24,592,641</u>

- The cost of all governmental activities this year was \$30.03 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$6.59 million).
- Most of the District's costs (\$22.39 million), however, were financed by District taxpayers.
- The remainder of the funding came from tuition, miscellaneous revenue, charges for services and investment earnings (\$1.85 million).

Business-Type Activities

Net assets from the District's business-type activity decreased by \$1,017. (Refer to Figure A-4).

Financial Analysis of the District's Funds

The District's financial position increased in spite of difficult economic times. Expense accounts have relatively no contingencies. With a budget this tight, it is virtually impossible to build a sound surplus. To maintain a stable position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

- Over the course of the year, the District revised the annual operating budget several times. These budget amendments were for changes made within budgetary line items for changes in school-based needs for programs and supplies.

Capital Asset and Debt Administration

Figure A-8

	Capital Assets (Net of Depreciation)						Percentage Change 2010/2011
	Government Activities		Business-Type Activities		Total School District		
	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	
Land	\$ 1,594,700	\$ 1,594,700			\$ 1,594,700	\$ 1,594,700	0.00%
Construction in Progress	3,636,945	3,929,231			3,636,945	3,929,231	8.04%
Buildings and Building Improvements	1,245,333	1,473,671			1,245,333	1,473,671	18.34%
Machinery and Equipment	487,922	547,451	\$ 151,390	\$ 137,115	639,312	684,566	7.08%
Total Capital Assets (Net of Depreciation)	<u>\$ 6,964,900</u>	<u>\$ 7,545,053</u>	<u>\$ 151,390</u>	<u>\$ 137,115</u>	<u>\$ 7,116,290</u>	<u>\$ 7,682,168</u>	<u>7.95%</u>

Long-term Debt

At year-end, the District had \$4,661,551 in general obligation bonds and economic development authority loan payable and 2,233,140 in compensated absences payable— as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements.)

Figure A-9

	Total School District		Percentage Change 2010/2011
	2009/2010	2010/2011	
	General Obligation Bonds (Financed with Property Taxes)	\$ 4,853,000	
Other Long-Term Liabilities	2,524,302	2,326,691	-7.83%
	<u>\$ 7,377,302</u>	<u>\$ 6,894,691</u>	<u>-6.54%</u>

- The District continued to pay down its debt, retiring \$314,188 of outstanding bonds and loans.

Factors Bearing on the District's Future Revenue/Expense Changes

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

- Significant increases for most District insurance policies.
- Continued fiscal problems at the state level which could affect future state aid revenue.

Contacting the District's Financial Management

This financial report is designed to provide the District's 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 financial information, contact the Board of Education Office, 237 Van Avenue, Pompton Lakes, New Jersey 07442.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

POMPTON LAKES BOROUGH SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 584,293	\$ 111,890	\$ 696,183
Receivables:			
Other Governments	727,334		727,334
Interfund	64,980		64,980
Other	133,527		133,527
Inventory		7,539	7,539
Internal Balances	3,700	(3,700)	
Restricted Assets:			
Capital Reserve Account - Cash	648,061		648,061
Maintenance Reserve Account - Cash	430,036		430,036
Capital Assets, Net:			
Sites (Land) and Construction in Progress	5,523,931		5,523,931
Depreciable Buildings and Building Improvements and Machinery and Equipment	2,021,122	137,115	2,158,237
Total Assets	<u>10,136,984</u>	<u>252,844</u>	<u>10,389,828</u>
LIABILITIES:			
Accrued Interest Payable	40,024		40,024
Accounts Payable - Vendors	142,296	3,486	145,782
Payable to State Government	20,555		20,555
Deferred Revenue	9,995		9,995
Noncurrent Liabilities:			
Due Within One Year	338,891		338,891
Due Beyond One Year	6,555,800		6,555,800
Total Liabilities	<u>7,107,561</u>	<u>3,486</u>	<u>7,111,047</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	2,883,502	137,115	3,020,617
Restricted for:			
Debt Service	46,530		46,530
Capital Projects	1,062,320		1,062,320
Other Purposes	1,030,534		1,030,534
Unrestricted/(Deficit)	(1,993,463)	112,243	(1,881,220)
Total Net Assets	<u>\$ 3,029,423</u>	<u>\$ 249,358</u>	<u>\$ 3,278,781</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

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

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 13,307,300		\$ 2,006,436		\$ (11,300,864)		\$ (11,300,864)
Special Education	3,567,861		1,577,553		(1,990,308)		(1,990,308)
Other Special Instruction	623,803				(623,803)		(623,803)
Other Instruction	507,229				(507,229)		(507,229)
Support Services:							
Tuition	1,225,655	\$ 1,705,558			479,903		479,903
Student & Instruction Related Services	3,655,904		136,543		(3,519,361)		(3,519,361)
General Administrative Services	711,555				(711,555)		(711,555)
School Administrative Services	1,569,303				(1,569,303)		(1,569,303)
Plant Operations and Maintenance	3,316,860				(3,316,860)		(3,316,860)
Pupil Transportation	585,210		13,859		(571,351)		(571,351)
Central Services	579,974				(579,974)		(579,974)
Interest on Long-Term Debt	176,646				(176,646)		(176,646)
Unallocated Depreciation	205,290				(205,290)		(205,290)
Total Governmental Activities	\$ 30,032,590	\$ 1,705,558	\$ 3,734,391	\$ -0-	\$ (24,592,641)	\$ -0-	\$ (24,592,641)

POMPTON LAKES BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Business-Type Activities:							
Food Service	\$ 391,534	\$ 274,895	\$ 115,580			\$ (1,059)	\$ (1,059)
Total Business-Type Activities	391,534	274,895	115,580			(1,059)	(1,059)
Total Primary Government	<u>\$ 30,424,124</u>	<u>\$ 1,980,453</u>	<u>\$ 3,849,971</u>	<u>\$ -0-</u>	<u>\$ (24,592,641)</u>	<u>\$ (1,059)</u>	<u>\$ (24,593,700)</u>
General Revenue:							
Taxes:							
Property Taxes, Levied for General Purposes, Net							
				\$ 22,063,451			\$ 22,063,451
Taxes Levied for Debt Service							
				331,427			331,427
Federal and State Aid not Restricted							
				2,855,772			2,855,772
Investment Earnings							
				7,345	\$ 42		7,387
Miscellaneous Income							
				135,923			135,923
Total General Revenue							
				<u>25,393,918</u>	<u>42</u>		<u>25,393,960</u>
Change in Net Assets							
				801,277	(1,017)		800,260
Net Assets - Beginning							
				<u>2,228,146</u>	<u>250,375</u>		<u>2,478,521</u>
Net Assets - Ending							
				<u>\$ 3,029,423</u>	<u>\$ 249,358</u>		<u>\$ 3,278,781</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

POMPTON LAKES BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
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>
ASSETS:					
Cash and Cash Equivalents	\$ 109,949		\$ 427,814	\$ 46,530	\$ 584,293
Receivables:					
State	552,976	\$ 8,702			561,678
Federal		165,656			165,656
Other	127,602	5,925			133,527
Interfund	206,094				206,094
Restricted Cash and Cash Equivalents	1,078,097				1,078,097
Total Assets	<u>\$ 2,074,718</u>	<u>\$ 180,283</u>	<u>\$ 427,814</u>	<u>\$ 46,530</u>	<u>\$ 2,729,345</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable - Vendors	\$ 116,422	\$ 12,319	\$ 13,555		\$ 142,296
Interfund Payable		137,414			137,414
Payable to State Government		20,555			20,555
Deferred Revenue		9,995			9,995
Total Liabilities	<u>116,422</u>	<u>180,283</u>	<u>13,555</u>		<u>310,260</u>
Fund Balances:					
Restricted For:					
Capital Reserve Account	648,061				648,061
Maintenance Reserve Account	430,036				430,036
Excess Surplus -- Designated For Subsequent Year's Expenditures	329,846				329,846
Capital Projects Fund			348,259		348,259
Debt Service Fund				\$ 46,530	46,530
Committed:					
Year End Encumbrances			66,000		66,000
Assigned:					
Year End Encumbrances	270,652				270,652
Unassigned	279,701				279,701
Total Fund Balances	<u>1,958,296</u>		<u>414,259</u>	<u>46,530</u>	<u>2,419,085</u>
Total Liabilities and Fund Balances	<u>\$ 2,074,718</u>	<u>\$ 180,283</u>	<u>\$ 427,814</u>	<u>\$ 46,530</u>	<u>\$ 2,729,345</u>

Amounts Reported for *Governmental Activities* in the Statement of
Net Assets (A-1) are Different Because:

Total Fund Balances per Above	\$ 2,419,085
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$26,286,077 and the accumulated depreciation is \$18,741,024.	7,545,053
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.	(6,894,691)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(40,024)
Net Assets of Governmental Activities	<u>\$ 3,029,423</u>

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 22,063,451			\$ 331,427	\$ 22,394,878
Tuition Charges	1,705,558				1,705,558
Interest Earned on Investments	6,018		\$ 1,327		7,345
Miscellaneous	135,923	\$ 18,713			154,636
Total - Local Sources	23,910,950	18,713	1,327	331,427	24,262,417
State Sources	5,490,128	101,134		163,622	5,754,884
Federal Sources		816,566			816,566
Total Revenues	29,401,078	936,413	1,327	495,049	30,833,867
EXPENDITURES:					
Current:					
Regular Instruction	8,319,665	137,016			8,456,681
Special Education Instruction	2,945,026	619,075			3,564,101
Other Special Instruction	623,803				623,803
Other Instruction	507,229				507,229
Support Services and Undistributed Costs:					
Tuition	1,225,655				1,225,655
Student & Instruction Related Services	2,889,662	125,816			3,015,478
General Administrative Services	491,731				491,731
School Administrative Services	1,299,858				1,299,858
Central Services	447,291				447,291
Plant Operations and Maintenance	2,728,584				2,728,584
Pupil Transportation	585,210				585,210
Unallocated Benefits	6,808,868				6,808,868

POMPTON LAKES BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
EXPENDITURES:					
Debt Service:					
Principal				\$ 314,188	\$ 314,188
Interest and Other Charges				180,960	180,960
Capital Outlay	\$ 177,615	\$ 54,506	\$ 617,910		850,031
Total Expenditures	<u>29,050,197</u>	<u>936,413</u>	<u>617,910</u>	<u>495,148</u>	<u>31,099,668</u>
Excess/(Deficiency) of Revenue over Expenditures	350,881		(616,583)	(99)	(265,801)
OTHER FINANCING SOURCES/(USES):					
Transfers In	1,327		333,114		334,441
Transfers Out	(333,114)		(1,327)		(334,441)
Total Other Financing Sources/(Uses)	<u>(331,787)</u>		<u>331,787</u>		
Net Change in Fund Balances	19,094		(284,796)	(99)	(265,801)
Fund Balance—July 1	<u>1,939,202</u>		<u>699,055</u>	<u>46,629</u>	<u>2,684,886</u>
Fund Balance—June 30	<u>\$ 1,958,296</u>	<u>\$ -0-</u>	<u>\$ 414,259</u>	<u>\$ 46,530</u>	<u>\$ 2,419,085</u>

POMPTON LAKES BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (265,801)

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

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

	Depreciation expense	\$ (288,761)	
	Capital outlays	872,288	
	Deletions	<u>(3,374)</u>	
			580,153

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation. (+) 168,423

Repayment of bond principal and loans is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. (+) 314,188

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+) 4,314

Change in Net Assets of Governmental Activities \$ 801,277

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

	Business-Type Activities - Enterprise Funds <u>Food Service</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 111,890
Inventories	7,539
Total Current Assets	<u>119,429</u>
Non-Current Assets	
Capital Assets	242,972
Accumulated Depreciation	<u>(105,857)</u>
Total Non-Current Assets	<u>137,115</u>
Total Assets	<u>256,544</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable - Vendors	3,486
Interfund - General Fund	<u>3,700</u>
Total Current Liabilities	<u>7,186</u>
<u>NET ASSETS:</u>	
Invested in Capital Assets	137,115
Unrestricted	<u>112,243</u>
Total Net Assets	<u>\$ 249,358</u>

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

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

	Business-Type Activities - Enterprise Funds
	Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 274,895
Total Operating Revenue	274,895
Operating Expenses:	
Cost of Sales	181,297
Salaries, Benefits and Payroll Taxes	179,716
Management Fee	9,594
Other Purchased Services	2,961
Supplies and Materials	3,691
Depreciation Expense	14,275
Total Operating Expenses	391,534
Operating Loss	(116,639)
Non-Operating Income:	
State Sources:	
State School Lunch Program	3,933
Federal Sources:	
National School Lunch Program	97,815
U.S.D.A Commodities	13,832
Local Sources:	
Interest Income	42
Total Non-Operating Income	115,622
Change in Net Assets	(1,017)
Net Assets - Beginning of Year	250,375
Net Assets - End of Year	\$ 249,358

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

POMPTON LAKES BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Business-Type Activities - Enterprise Funds
	Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 274,895
Payments to Food Service Vendor	(364,366)
Net Cash Used for Operating Activities	(89,471)
Cash Flows from Investing Activities:	
Interest Income	42
Net Cash Provided by Investing Activities	42
Cash Flows from Noncapital Financing Activities:	
Cash Received from State and Federal Reimbursements	108,795
Net Cash Provided by Noncapital Financing Activities	108,795
Net Increase in Cash and Cash Equivalents	19,366
Cash and Cash Equivalents, July 1	92,524
Cash and Cash Equivalents, June 30	\$ 111,890
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (116,639)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	14,275
Federal Food Distribution Program	13,832
Changes in Assets and Liabilities:	
(Increase) in Inventory	(406)
(Decrease) in Accounts Payable	(533)
Net Cash Used for Operating Activities	\$ (89,471)

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$13,832 for the fiscal year ended June 30, 2011.

POMPTON LAKES BOROUGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>
<u>ASSETS:</u>		
Cash and Cash Equivalents	\$ 393,156	\$ 122,573
Receivables:		
Other	468	
Interfund	<u>1,220</u>	
Total Assets	<u>394,844</u>	<u>122,573</u>
<u>LIABILITIES:</u>		
Payroll Deductions and Withholdings	138,033	
Interfund Accounts Payable	64,980	1,220
Due to Student Groups	<u>191,831</u>	
Total Liabilities	<u>394,844</u>	<u>1,220</u>
<u>NET ASSETS:</u>		
Held in Trust for Unemployment Claims		<u>121,353</u>
Total Net Assets	<u>\$ -0-</u>	<u>\$ 121,353</u>

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

POMPTON LAKES BOROUGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Unemployment Compensation Trust</u>
<u>ADDITIONS:</u>	
Contributions:	
Plan Members	\$ 39,821
Total Contributions	39,821
Investment Earnings:	
Interest	179
Net Investment Earnings	179
Total Additions	40,000
 <u>DEDUCTIONS:</u>	
Unemployment Compensation Claims	11,636
Total Deductions	11,636
Change in Net Assets	28,364
Net Assets—Beginning of the Year	92,989
Net Assets—End of the Year	\$ 121,353

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
 (Continued)

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

B. Basis of Presentation: (Cont'd)

program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self financing or draws from the general revenues of the District.

Fund Financial Statements:

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

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

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

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

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements: (Cont'd)

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report the financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund and Unemployment Compensation Insurance Trust Fund.

C. Measurement Focus and Basis of Accounting

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

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

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

C. Measurement Focus and Basis of Accounting (Cont'd)

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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

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

D. Budgets/Budgetary Control:

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

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

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

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

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

D. Budgets/Budgetary Control: (Cont'd)

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 29,278,583	\$ 973,382
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenues while the GAAP Basis does not		(36,969)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	411,188	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(288,693)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 29,401,078	\$ 936,413
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 29,050,197	\$ 973,382
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		(36,969)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 29,050,197	\$ 936,413

E. Cash and Cash Equivalents and Investments:

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

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

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

E. Cash and Cash Equivalents and Investments: (Cont'd)

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

F. Interfund Transactions

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

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

G. Allowance for Uncollectible Accounts

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

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, 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.

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

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

I. Short-term Interfund Receivables/Payables:

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

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
 (Continued)

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

J. Inventories and Prepaid Expenses:

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

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

K. Capital Assets:

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

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

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

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

L. Long-Term Liabilities

In the District-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bonds issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond discounts, as well as bond issuance costs, as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

M. Accrued Salaries and Wages:

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

N. Compensated Absences:

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's various employee contracts/agreements. Upon termination, employees are paid for accrued vacation. These employee contracts/agreements permit employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the applicable District employee contract/agreement.

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

O. Deferred Revenue:

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$1,958,296 General Fund fund balance at June 30, 2011, \$270,652 is assigned for year-end encumbrances; \$648,061 is restricted in the capital reserve account; \$430,036 is restricted in the maintenance reserve account; \$329,846 is restricted for prior year excess surplus in accordance with N.J.S.A. 18A:7F-7 (S1701) and has been appropriated and included as anticipated revenue for the year ending June 30, 2012; and there is \$279,701 as unassigned fund balance which is \$288,693 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2012.

Capital Projects Fund: Of the \$414,259 Capital Projects Fund fund balance at June 30, 2011, \$66,000 is committed and \$348,259 is restricted.

Debt Service Fund: The \$46,350 Debt Service Fund fund balance at June 30, 2011 is restricted and has been included as anticipated revenue for the year ending June 30, 2012.

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

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

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$288,693 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, Districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school Districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school District cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

Q. Net Assets

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

R. Deficit Net Assets

The \$1,993,463 deficit in unrestricted governmental activities net assets at June 30, 2011 primarily resulted from the accrual of \$40,024 accrued interest payable and \$2,233,140 compensated absences payable. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

S. Fund Balance Restrictions, Commitments and Assignments

The District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the current fiscal year. The objective of this standard is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions (as detailed in Note 1B). This Statement establishes 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.

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
 (Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments (Cont'd)

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for capital and maintenance reserves, capital projects and debt service.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the Capital Projects Fund at June 30, 2011.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances in the General Fund at June 30, 2011.

T. Revenue - Exchange and Nonexchange Transactions

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

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

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

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
 (Continued)

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

U. Operating Revenue and Expenses

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

V. Management Estimates

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

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

Credit Risk – The District limits its investments to those authorized in its formal cash management plan which are permitted under state statutes as detailed on the following page.

Deposits:

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

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
 (Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Deposits: (Cont'd)

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

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

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

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

Investments:

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

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

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

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

	<u>Cash and Cash Equivalents</u>	<u>Capital Reserve Account</u>	<u>Maintenance Reserve Account</u>	<u>Total</u>
Checking Accounts	<u>\$ 1,211,912</u>	<u>\$ 648,061</u>	<u>\$ 430,036</u>	<u>\$ 2,290,009</u>

During the period ended June 30, 2011, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2011, was \$2,290,009 and the bank balance was \$2,944,063.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Pompton Lakes Board of Education for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

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

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

Beginning balance, July 1, 2010	\$ 480,704
Interest earnings	471
Deposits	500,000
Withdrawals	<u>(333,114)</u>
Ending balance, June 30, 2011	<u>\$ 648,061</u>

The June 30, 2011 LRFP balance of local support costs exceeds the balance in the capital reserve account at June 30, 2011. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan.

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
 (Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by Board resolution on June 30, 2011. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the District's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be reserved and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

Beginning balance, July 1, 2010	\$	-0-
Deposits		430,036
Ending balance, June 30, 2011	\$	430,036

NOTE 6. TRANSFER TO CAPITAL OUTLAY

During the year ended June 30, 2011, the District transferred \$134,903 to the capital outlay accounts. Transfers of \$128,344 were made for equipment and therefore did not require approval from the County Superintendent. Transfers of \$6,559 for the Lakeside School Wall Stabilization Project were approved by the County Superintendent.

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 7. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 1,594,700			\$ 1,594,700
Construction in Progress	3,636,945	\$ 372,286	\$ 80,000	3,929,231
Total Capital Assets Not Being Depreciated	<u>5,231,645</u>	<u>372,286</u>	<u>80,000</u>	<u>5,523,931</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	18,944,957	423,132		19,368,089
Machinery and Equipment	1,256,714	156,870	19,527	1,394,057
Total Capital Assets Being Depreciated	<u>20,201,671</u>	<u>580,002</u>	<u>19,527</u>	<u>20,762,146</u>
Governmental Activities Capital Assets	<u>25,433,316</u>	<u>952,288</u>	<u>99,527</u>	<u>26,286,077</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(17,699,624)	(194,794)		(17,894,418)
Machinery and Equipment	(768,792)	(93,967)	(16,153)	(846,606)
	<u>(18,468,416)</u>	<u>(288,761)</u>	<u>(16,153)</u>	<u>(18,741,024)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 6,964,900</u>	<u>\$ 663,527</u>	<u>\$ 83,374</u>	<u>\$ 7,545,053</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 244,262		\$ 1,290	\$ 242,972
Less Accumulated Depreciation	(92,872)	\$ (14,275)	(1,290)	(105,857)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 151,390</u>	<u>\$ (14,275)</u>	<u>\$ -0-</u>	<u>\$ 137,115</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 13,383
Student & Instruction Related Services	17,253
General Administrative Services	26,920
School Administrative Services	7,917
Plant Operations and Maintenance	18,131
Unallocated	205,157
	<u>\$ 288,761</u>

The District had active construction projects for improvements to the high school and various improvements to school buildings and grounds with a balance remaining of \$414,259 as of June 30, 2011.

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 8. LONG-TERM LIABILITIES

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

	<u>Balance</u> <u>6/30/2010</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2011</u>
Compensated Absences Payable	\$ 2,401,563	\$ 126,220	\$ 294,643	\$ 2,233,140
Serial Bonds Payable	4,853,000		285,000	4,568,000
Economic Development Authority Loans Payable	122,739		29,188	93,551
	<u>\$ 7,377,302</u>	<u>\$ 126,220</u>	<u>\$ 608,831</u>	<u>\$ 6,894,691</u>

A. Bonds and Loans Payable:

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

The District had bonds and loans outstanding as of June 30, 2011 as follows:

<u>Final Maturity Date</u>	<u>Serial Bonds</u> <u>Interest Rate</u>	<u>Amount</u>
8/1/2015	5.6%-5.8%	\$ 497,000
9/1/2024	3.0%-4.0%	4,071,000
		<u>\$ 4,568,000</u>

Economic Development Authority Loans Payable

The Board has entered into a loan agreement with the New Jersey Economic Development Agency, for the financing relating to various school improvements.

\$340,406, 1994 loan due in annual installments of \$13,125 to \$25,218 through July 15, 2013, interest at 5.28%.	\$ 72,478
\$133,468, 1994 loan due in annual installments of \$7,123 to \$7,125 through July 15, 2013, interest at 1.50%.	21,073
	<u>\$ 93,551</u>

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

A. Bonds and Loans Payable: (Cont'd)

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 320,141	\$ 168,482	\$ 488,623
2013	326,167	155,702	481,869
2014	332,243	142,617	474,860
2015	325,000	129,722	454,722
2016	347,000	116,884	463,884
2017-2021	1,545,000	433,847	1,978,847
2022-2025	1,466,000	117,415	1,583,415
	<u>\$ 4,661,551</u>	<u>\$ 1,264,669</u>	<u>\$ 5,926,220</u>

The Debt Service Fund will be used to liquidate serial bonds and loans payable.

B. Bonds Authorized But Not Issued:

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

C. Capital Leases Payable:

The District had no capital leases in effect during fiscal year ended June 30, 2011.

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The long-term liability balance of compensated absences is \$2,214,390 and the current portion of the compensated absences balance of the governmental funds is \$18,750.

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

The General Fund will be used to liquidate Compensated Absences Payable.

NOTE 9. OPERATING LEASES

The District had commitments to lease copying equipment under operating leases which expire in February 2015. Total operating lease payments made during the year ended June 30, 2011 were \$118,404.

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 9. OPERATING LEASES (Cont'd)

Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2012	\$ 118,404
2013	118,404
2014	89,505
2015	<u>1,872</u>
Minimum lease payments	<u>\$ 328,185</u>

NOTE 10. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) and the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP). The TPAF and the PERS are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan. Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. As a general rule, all full-time employees are eligible to join the TPAF or the PERS. However, if an employee is ineligible to enroll in the TPAF or the PERS, the employee may be eligible to enroll in the DCRP.

Employees who are members of TPAF or PERS and retire at or after age 55 are entitled to a retirement benefit based upon a formula which takes 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Vesting occurs after 8 to 10 years of service. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

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

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

District Contributions to PERS amounted to \$311,103, \$241,517 and \$202,302 for the fiscal years ended June 30, 2011, 2010 and 2009, respectively.

During the fiscal years ended June 30, 2011, 2010 and 2009 the State of New Jersey contributed \$-0-, \$-0- and \$-0-, respectively, to the TPAF for normal pension benefits on-behalf of the District.

The employer and employee contributions to DCRP for the fiscal years ended June 30, 2011, 2010 and 2009 were \$377, \$-0- and \$-0-, respectively.

NOTE 11. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve of one-half of 1% of the active State payroll each year.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS, TPAF and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. In fiscal year 2010, the State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$842,170, \$819,584 and \$762,882 for 2011, 2010 and 2009, respectively.

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. Health benefits are provided to the employees through Horizon Blue Cross Blue Shield.

Property, Liability and Health Benefits

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

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

Property, Liability and Health Benefits (Cont'd)

The School District is a member of the Pooled Insurance Program of New Jersey (the "PIP"). The PIP provides the District with workers' compensation insurance. The PIP is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the PIP are elected.

As a member of the PIP, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the PIP were to be exhausted, members would become responsible for their respective shares of the PIP's liabilities.

The PIP can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The audit for the year ended June 30, 2011 was not available as of the date of this report.

Selected, summarized financial information for the PIP as of June 30, 2010 is as follows:

	<u>Pooled Insurance Program of New Jersey</u>
Total Assets	\$ 18,213,888
Net Assets	\$ 4,394,252
Total Revenue	\$ 7,706,329
Total Expenses	\$ 7,261,105
Net Assets Distribution to Participating Members	\$ 1,075,284
Change in Net Assets	\$ (630,060)

Financial statements are available at the Administrators' Office, as follows:

PIP

Burton Agency
44 Bergen Street
PO Box 270
Westwood, NJ 07675
(201) 664-0310

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)New Jersey Unemployment Compensation Insurance

The District has 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 interest earned, District and employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years.

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>District/ Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$ 179	\$ 39,821	\$ 11,636	\$ 121,353
2009-2010	220	46,184	37,907	92,989
2008-2009	489	41,952	39,928	84,492

NOTE 13. ECONOMIC DEPENDENCY

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

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 206,094	
Special Revenue Fund		\$ 137,414
Enterprise Fund - Food Service		3,700
Fiduciary Fund	1,220	66,200
	<u>\$ 207,314</u>	<u>\$ 207,314</u>

The interfund between the General Fund and the Special Revenue Fund is the result of a cash deficit in the Special Revenue Fund due to the funding method for federally funded grants. The interfund between the General Fund and the Food Service Fund is a temporary loan which will be returned in 2012. The Interfund between the General Fund and Fiduciary Fund is a cash advance to the Payroll Agency account which will be returned in 2012.

During the fiscal year ended June 30, 2011, the General Fund transferred \$333,114 to the Capital Projects Fund for various improvements.

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 15. DEFERRED COMPENSATION

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

American United Life
Met Life Investors
AXA Equitable Life Assurance
Tax Deferred Services
AIG VALIC

NOTE 16. TAX CALENDAR

Property taxes are levied by the District's constituent municipality as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the local school District on a predetermined mutually agreed-upon schedule.

NOTE 17. CONTINGENT LIABILITES

Grant Programs

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

Litigation

The District is periodically involved in pending lawsuits. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial statements of the District.

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 17. CONTINGENT LIABILITES (Cont'd)

Encumbrances

At June 30, 2011, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 270,652	\$ 49,039	\$ 83,878	\$ 403,569

On the District's Governmental Funds Balance Sheet as of June 30, 2011, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$49,039 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as a reduction in grants receivables or deferred revenue in the Special Revenue Fund.

BUDGETARY COMPARISON SCHEDULES

POMPTON LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
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>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 22,063,451		\$ 22,063,451	\$ 22,063,451	
Tuition	1,676,016		1,676,016	1,705,558	\$ 29,542
Interest Earned on Capital Reserve Funds				471	471
Miscellaneous	49,654		49,654	141,470	91,816
Total - Local Sources	23,789,121		23,789,121	23,910,950	121,829
State Sources:					
Special Education Categorical Aid	888,541		888,541	888,541	
Equalization Aid	2,056,696		2,056,696	2,056,696	
Reimbursement of Extraordinary Costs	534,860		534,860	552,976	18,116
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				39,650	39,650
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				842,170	842,170
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				987,600	987,600
Total State Sources	3,480,097		3,480,097	5,367,633	1,887,536
TOTAL REVENUES	27,269,218		27,269,218	29,278,583	2,009,365

POMPTON LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 241,838	\$ (88,536)	\$ 153,302	\$ 153,302	
Grades 1-5	2,688,749	85,198	2,773,947	2,773,203	\$ 744
Grades 6-8	1,661,653	(22,703)	1,638,950	1,637,714	1,236
Grades 9-12	3,293,922	(28,615)	3,265,307	3,265,307	
Regular Programs - Home Instruction:					
Salaries of Teachers	25,000	(21,410)	3,590	3,575	15
Purchased Professional Educational Services	10,000	3,394	13,394	13,345	49
Regular Programs - Undistributed Instruction:					
Other Purchased Services (400-500 series)	10,116	(5,818)	4,298	3,440	858
General Supplies	372,520	211,885	584,405	426,757	157,648
Textbooks	75,609	(32,517)	43,092	43,022	70
Total Regular Programs	8,379,407	100,878	8,480,285	8,319,665	160,620
Special Education:					
Learning and/or Language Disabilities:					
Salaries of Teachers	164,414	19,020	183,434	183,434	
Other Salaries for Instruction	87,818	9,458	97,276	96,420	856
General Supplies	2,698	1	2,699	2,699	
Textbooks	2,870	(1)	2,869	2,359	510
Total Learning and/or Language Disabilities	257,800	28,478	286,278	284,912	1,366

POMPTON LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Resource Room/Resource Center:					
Salaries of Teachers	\$ 1,308,288	\$ (67,638)	\$ 1,240,650	\$ 1,240,382	\$ 268
Other Salaries for Instruction	393,648	32,847	426,495	426,495	
General Supplies	5,510	(473)	5,037	4,844	193
Textbooks	3,358	(3,275)	83		83
Total Resource Room/Resource Center	<u>1,710,804</u>	<u>(38,539)</u>	<u>1,672,265</u>	<u>1,671,721</u>	<u>544</u>
Autism:					
Salaries of Teachers	190,263	51,657	241,920	241,920	
Other Salaries for Instruction	596,631	(5,102)	591,529	591,207	322
Purchased Professional-Educational Services	100,000	(43,516)	56,484	55,503	981
Other Purchased Services	5,000	(4,027)	973	439	534
General Supplies	5,926	(1)	5,925	5,807	118
Total Autism	<u>897,820</u>	<u>(989)</u>	<u>896,831</u>	<u>894,876</u>	<u>1,955</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	57,984		57,984	57,733	251
Other Salaries for Instruction	39,872	(4,920)	34,952	34,952	
General Supplies	832		832	832	
Total Preschool Disabilities - Part-Time	<u>98,688</u>	<u>(4,920)</u>	<u>93,768</u>	<u>93,517</u>	<u>251</u>
Home Instruction:					
Other Salaries for Instruction	10,000	(9,624)	376		376
Purchased Professional Educational Services	5,000	(5,000)			
Total Home Instruction	<u>15,000</u>	<u>(14,624)</u>	<u>376</u>		<u>376</u>
Total Special Education	<u>2,980,112</u>	<u>(30,594)</u>	<u>2,949,518</u>	<u>2,945,026</u>	<u>4,492</u>

POMPTON LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Basic Skills/Remedial:					
Salaries of Teachers	\$ 393,879	\$ (32,633)	\$ 361,246	\$ 361,246	
Other Purchased Services		200	200	137	\$ 63
General Supplies	1,730	(418)	1,312	448	864
Textbooks	75		75		75
Total Basic Skills/Remedial	<u>395,684</u>	<u>(32,851)</u>	<u>362,833</u>	<u>361,831</u>	<u>1,002</u>
Bilingual Education:					
Salaries of Teachers	232,604		232,604	232,604	
Other Salaries for Instruction	28,275	54	28,329	28,329	
General Supplies	2,486	(1,444)	1,042	1,039	3
Total Bilingual Education	<u>263,365</u>	<u>(1,390)</u>	<u>261,975</u>	<u>261,972</u>	<u>3</u>
School Sponsored Cocurricular Activities - Instruction:					
Salaries	128,965	1,780	130,745	130,370	375
Supplies & Materials	30,200	(1,780)	28,420	28,200	220
Total School Sponsored Cocurricular Activities - Instruction	<u>159,165</u>		<u>159,165</u>	<u>158,570</u>	<u>595</u>
School Sponsored Athletics - Instruction:					
Salaries	244,800	(5,500)	239,300	237,806	1,494
Purchased Services (300-500 series)	59,961	(2,500)	57,461	54,500	2,961
General Supplies	47,139	(45)	47,094	46,286	808
Other Objects	28,576	(9,350)	19,226	10,067	9,159
Total School Sponsored Athletics - Instruction	<u>380,476</u>	<u>(17,395)</u>	<u>363,081</u>	<u>348,659</u>	<u>14,422</u>
Total Instruction	<u>12,558,209</u>	<u>18,648</u>	<u>12,576,857</u>	<u>12,395,723</u>	<u>181,134</u>

POMPTON LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAS Within the State - Special	\$ 488,132	\$ (121,400)	\$ 366,732	\$ 287,768	\$ 78,964
Tuition to County Vocational School Districts - Regular	62,489	(10,000)	52,489	50,625	1,864
Tuition to County Vocational School Districts - Special	82,610	(48,911)	33,699	33,699	
Tuition to CSSD & Regional Day Schools	62,267	(53,789)	8,478	6,220	2,258
Tuition to Private Schools for the Handicapped - Within State	925,955	440,078	1,366,033	847,343	518,690
Tuition - State Facilities	31,980	(31,980)			
Total Instruction	1,653,433	173,998	1,827,431	1,225,655	601,776
Attendance and Social Work Services:					
Salaries	18,267		18,267	18,265	2
Total Attendance and Social Work Services	18,267		18,267	18,265	2
Health Services:					
Salaries	364,117	6,472	370,589	370,494	95
Purchased Professional and Technical Services	18,898	(322)	18,576	18,280	296
Supplies and Materials	8,008	(475)	7,533	7,530	3
Total Health Services	391,023	5,675	396,698	396,304	394
Other Support Services - Students - Speech, OT, PT and Related Services:					
Salaries of Other Professional Staff	323,747	(70,195)	253,552	246,596	6,956
Purchased Professional - Educational Services	150,000	(2,137)	147,863	133,866	13,997
Supplies and Materials	1,381		1,381	1,311	70
Total Other Support Services - Students - Students - Speech, OT, PT and Related Services	475,128	(72,332)	402,796	381,773	21,023

POMPTON LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Support Services - Students - Extra. Services:					
Purchased Professional - Educational Services	\$ 130,000	\$ (17,740)	\$ 112,260	\$ 112,004	\$ 256
Total Other Support Services - Students - Extra. Services	130,000	(17,740)	112,260	112,004	256
Other Support Services - Guidance:					
Salaries of Other Professional Staff	443,116	16,948	460,064	460,064	
Salaries of Secretarial and Clerical Assistants	32,500		32,500	32,500	
Purchased Professional - Educational Services	6,287	(702)	5,585	5,332	253
Supplies and Materials		442	442	442	
Total Other Support Services - Guidance	481,903	16,688	498,591	498,338	253
Other Support Services - Child Study Team:					
Salaries of Other Professional Staff	560,179	80,588	640,767	638,952	1,815
Salaries of Secretarial and Clerical Assistants	79,500	657	80,157	80,157	
Other Purchased Services	3,326		3,326	1,547	1,779
Supplies and Materials	17,482	(5,175)	12,307	11,899	408
Total Other Support Services - Child Study Team	660,487	76,070	736,557	732,555	4,002
Improvement of Instruction Services/Other Support Services - Instructional Staff:					
Salaries of Supervisors of Instruction	314,641	2,369	317,010	314,245	2,765
Salaries of Other Professional Staff		6,534	6,534	6,534	
Other Purchased Services		500	500	344	156
Other Objects	23,000	(3,500)	19,500	18,755	745
Total Improvement of Instruction Services/Other Support Services - Instructional Staff	337,641	5,903	343,544	339,878	3,666

POMPTON LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Educational Media Services/School Library:					
Salaries	\$ 317,361	\$ 1,315	\$ 318,676	\$ 318,580	\$ 96
Purchased Services (300-500 series)	18,300	600	18,900	18,900	
Supplies and Materials	58,386	(3,292)	55,094	54,865	229
Total Educational Media Services/School Library	394,047	(1,377)	392,670	392,345	325
Instructional Staff Training Services:					
Purchased Professional - Educational Service	20,000	3,418	23,418	18,141	5,277
Other Purchased Services		110	110	59	51
Total Instructional Staff Training Services	20,000	3,528	23,528	18,200	5,328
Support Services - General Administration:					
Salaries	336,648	20,087	356,735	356,448	287
Legal Services	35,000	(17,983)	17,017	9,266	7,751
Audit Fee	27,108	2,087	29,195	28,195	1,000
Architectural/Engineering Services	5,000	5,895	10,895	5,766	5,129
Communications/Telephone	65,000	(28,149)	36,851	36,649	202
BOE Other Purchased Services	6,400	(3,380)	3,020	2,575	445
Miscellaneous Purchased Services (400-500)	1,000	218	1,218	1,218	
Supplies and Materials	34,000	2,039	36,039	27,395	8,644
Miscellaneous Expenditures	13,429	(1,316)	12,113	10,250	1,863
BOE Membership Dues and Fees	16,000	(1,158)	14,842	13,969	873
Total Support Services - General Administration	539,585	(21,660)	517,925	491,731	26,194
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	832,529	(4,266)	828,263	826,549	1,714
Salaries of Other Professional Staff	72,899	278	73,177	73,177	
Salaries of Secretarial and Clerical Assistants	373,094	4,342	377,436	377,436	
Other Purchased Services	500		500		500
Supplies and Materials	31,351	2,427	33,778	22,696	11,082
Other Objects	10,000	(9,951)	49		49
Total Support Services - School Administration	1,320,373	(7,170)	1,313,203	1,299,858	13,345

POMPTON LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services - Central Services:					
Salaries	\$ 387,882	\$ 2,679	\$ 390,561	\$ 390,561	
Purchased Technical Services	16,000	12,859	28,859	26,859	\$ 2,000
Misc. Purchased Services (400-500 series)	19,000	(1,085)	17,915	10,915	7,000
Other Purchased Services		1,793	1,793	1,280	513
Supplies and Materials	37,471	(17,484)	19,987	15,415	4,572
Miscellaneous Expenditure	2,000	261	2,261	2,261	
Total Support Services - Central Services	462,353	(977)	461,376	447,291	14,085
Required Maintenance for School Facilities:					
Salaries	428,779	(40,624)	388,155	387,434	721
Cleaning, Repair and Maintenance Services	475,000	164,720	639,720	590,838	48,882
General Supplies	138,000	(33,468)	104,532	96,724	7,808
Total Required Maintenance for School Facilities	1,041,779	90,628	1,132,407	1,074,996	57,411
Custodial Services:					
Salaries	850,092	21,319	871,411	868,766	2,645
Salaries of Non-Instructional Aides		33,148	33,148	28,960	4,188
Cleaning, Repair and Maintenance Services	25,445	(25,320)	125		125
Other Purchased Property Services	42,000	(1,367)	40,633	29,702	10,931
Insurance	205,250	(7,044)	198,206	196,654	1,552
General Supplies	90,500	1,505	92,005	91,024	981
Energy (Electricity)	525,074	(91,457)	433,617	431,759	1,858
Total Custodial Services	1,738,361	(69,216)	1,669,145	1,646,865	22,280
Security:					
General Supplies		6,723	6,723	6,723	
Total Security		6,723	6,723	6,723	
Student Transportation Services:					
Contracted Services - Aid in Lieu of Payments	914	(914)			
Contracted Services (Other than Between Home & School) - Vendors	102,532	11,764	114,296	104,551	9,745
Contracted Services (Bet. Home & Sch)- Joint Agreements	30,000	(20,485)	9,515	3,782	5,733
Contracted Services (Special Education Students) - Joint Agreements	590,000	(62,710)	527,290	476,877	50,413
Total Student Transportation Services	723,446	(72,345)	651,101	585,210	65,891

POMPTON LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated Benefits:					
Social Security Contributions	\$ 348,836	\$ 62,156	\$ 410,992	\$ 410,852	\$ 140
Other Retirement Contributions - Regular	252,266	60,701	312,967	311,103	1,864
Unemployment Compensation	50,000	29,392	79,392	76,929	2,463
Workmen's Compensation	165,000	22,909	187,909	187,909	
Health Benefits	3,943,269	(153,466)	3,789,803	3,788,236	1,567
Tuition Reimbursement	60,000	(11,321)	48,679	41,905	6,774
Other Employee Benefits	50,586	72,428	123,014	122,514	500
Total Unallocated Benefits	4,869,957	82,799	4,952,756	4,939,448	13,308
On-Behalf Contributions:					
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				39,650	(39,650)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				842,170	(842,170)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				987,600	(987,600)
Total On-Behalf Contributions				1,869,420	(1,869,420)
Total Undistributed Expenditures	15,257,783	199,195	15,456,978	16,476,859	(1,019,881)
Total Expenditures - Current Expense	27,815,992	217,843	28,033,835	28,872,582	(838,747)
Capital Outlay:					
Equipment:					
Instructional Expenditures:					
School - Sponsored and Other Instructional Programs		19,712	19,712		19,712
Undistributed Expenditures:					
Instruction	27,262	33,309	60,571	60,375	
Central Services	57,749	(53,749)	4,000	4,000	
Operation of Plant Services		129,072	129,072	112,878	16,194
Total Equipment	85,011	128,344	213,355	177,253	36,102

POMPTON LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Capital Outlay:					
Facilities Acquisition and Construction Services					
Purchased Professional and Technical Services		\$ 6,559	\$ 6,559		\$ 6,559
Other Objects	\$ 362		362	\$ 362	
Total Facilities Acquisition and Construction Services	<u>362</u>	<u>6,559</u>	<u>6,921</u>	<u>362</u>	<u>6,559</u>
Total Capital Outlay	<u>85,373</u>	<u>134,903</u>	<u>220,276</u>	<u>177,615</u>	<u>42,661</u>
Transfer of Funds to Charter Schools	<u>17,166</u>		<u>17,166</u>		<u>17,166</u>
Total Expenditures	<u>27,918,531</u>	<u>352,746</u>	<u>28,271,277</u>	<u>29,050,197</u>	<u>(778,920)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(649,313)	(352,746)	(1,002,059)	228,386	1,230,445
Other Financing Sources/(Uses):					
Operating Transfer In:					
Transfer from Capital Projects Fund - Interest				1,327	1,327
Capital Reserve - Transfer to Capital Projects Fund	(331,000)	(36,518)	(367,518)	(333,114)	34,404
Total Other Financing Sources/(Uses)	<u>(331,000)</u>	<u>(36,518)</u>	<u>(367,518)</u>	<u>(331,787)</u>	<u>35,731</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(980,313)	(389,264)	(1,369,577)	(103,401)	1,266,176
Fund Balance, July 1	<u>2,350,390</u>		<u>2,350,390</u>	<u>2,350,390</u>	
Fund Balance, June 30	<u>\$ 1,370,077</u>	<u>\$ (389,264)</u>	<u>\$ 980,813</u>	<u>\$ 2,246,989</u>	<u>\$ 1,266,176</u>
<u>Recapitulation:</u>					
Restricted:					
Capital Reserve				\$ 648,061	
Maintenance Reserve				430,036	
Excess Surplus - Designated for Subsequent Year's Expenditures				329,846	
Assigned:					
Year End Encumbrances				270,652	
Unassigned				<u>568,394</u>	
				2,246,989	
Reconciliation to Governmental Funds Statements (GAAP):					
June State Aid Payments not recognized on GAAP Basis				(288,693)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,958,296</u>	

POMPTON LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	\$ 96,162	\$ 83,309	\$ 179,471	\$ 101,134	\$ (78,337)
Federal Sources	554,030	315,818	869,848	863,775	(6,073)
Local Sources		19,200	19,200	8,473	(10,727)
Total Revenues	650,192	418,327	1,068,519	973,382	(95,137)
EXPENDITURES:					
Instruction					
Salaries of Teachers		60,368	60,368	56,569	3,799
Purchased Professional Services		33,610	33,610	14,641	18,969
Other Purchased Services		497,544	497,544	495,151	2,393
General Supplies	548,477	(447,307)	101,170	80,920	20,250
Textbooks	13,897	256	14,153	14,153	
Other Objects		500	500	500	
Total Instruction	562,374	144,971	707,345	661,934	45,411
Support Services					
Salaries of Other Professional Staff		34,366	34,366	34,366	
Other - Employee Benefits		8,286	8,286	8,286	
Purchased Professional - Technical Services	18,760	72,091	90,851	77,475	13,376
Other Purchased Professional Services		16,770	16,770	16,770	
Tuition	63,505	18,559	82,064	61,509	20,555
Other Purchased Services		5,090	5,090	4,960	130
Supplies and Materials	5,553	30,662	36,215	36,215	
Total Support Services	87,818	185,824	273,642	239,581	34,061
Facilities Acquisition and Construction Services:					
Non Instructional Equipment		87,532	87,532	71,867	15,665
Total Facilities Acquisition and Construction Services		87,532	87,532	71,867	15,665
Total Expenditures	650,192	418,327	1,068,519	973,382	95,137
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

POMPTON LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011.

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 29,278,583	\$ 973,382
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis does not.		(36,969)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	411,188	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(288,693)	
	<u>\$ 29,401,078</u>	<u>\$ 936,413</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.		
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 29,050,197	\$ 973,382
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		(36,969)
	<u>\$ 29,050,197</u>	<u>\$ 936,413</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds		

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

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

POMPTON LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

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

	No Child Left Behind			
	Title I		Title II	Title IID
	2010-11	ARRA		
REVENUE:				
State Sources				
Federal Sources	\$ 98,143	\$ 1,600	\$ 35,923	\$ 227
Local Sources				
Total Revenue	<u>\$ 98,143</u>	<u>\$ 1,600</u>	<u>\$ 35,923</u>	<u>\$ 227</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers	46,499		1,000	
Purchased Professional Services			420	
Other Purchased Services			28,307	209
General Supplies	17,517	208	3,500	18
Textbooks				
Other Objects				
Total Instruction	<u>64,016</u>	<u>208</u>	<u>33,227</u>	<u>227</u>
Support Services:				
Salaries of Other Professional Staff	26,666			
Other - Employee Benefits	7,461		76	
Purchased Professional - Technical Services				
Other Purchased Professional Services				
Tuition				
Other Purchased Services		1,392		
Supplies and Materials			2,620	
Total Support Services	<u>34,127</u>	<u>1,392</u>	<u>2,696</u>	
Facilities Acquisition:				
Non Instructional Equipment				
Total Facilities Acquisition				
Total Expenditures	<u>\$ 98,143</u>	<u>\$ 1,600</u>	<u>\$ 35,923</u>	<u>\$ 227</u>

POMPTON LAKES BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	No Child Left Behind			IDEA Part B, Basic Regular	
	Title III	Title III Carryover	Title III Immigrant	2010-11	ARRA
REVENUE:					
State Sources					
Federal Sources	\$ 15,438	\$ 2,000	\$ 3,500	\$ 388,378	\$ 304,937
Local Sources					
Total Revenue	<u>\$ 15,438</u>	<u>\$ 2,000</u>	<u>\$ 3,500</u>	<u>\$ 388,378</u>	<u>\$ 304,937</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers		300	3,500		
Purchased Professional Services	900				3,751
Other Purchased Services				361,242	105,393
General Supplies	6,916			7,792	34,005
Textbooks					
Other Objects				500	
Total Instruction	<u>7,816</u>	<u>300</u>	<u>3,500</u>	<u>369,534</u>	<u>143,149</u>
Support Services:					
Salaries of Other Professional Staff	6,000	1,700			
Other - Employee Benefits	749				
Purchased Professional - Technical Services				13,474	59,001
Other Purchased Professional Services					
Tuition					
Other Purchased Services	698			2,870	
Supplies and Materials	175			2,500	30,920
Total Support Services	<u>7,622</u>	<u>1,700</u>		<u>18,844</u>	<u>89,921</u>
Facilities Acquisition:					
Non Instructional Equipment					71,867
Total Facilities Acquisition					<u>71,867</u>
Total Expenditures	<u>\$ 15,438</u>	<u>\$ 2,000</u>	<u>\$ 3,500</u>	<u>\$ 388,378</u>	<u>\$ 304,937</u>

POMPTON LAKES BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	<u>IDEA - Part B Preschool</u>		<u>Nonpublic</u>	<u>Nonpublic Handicapped Services</u>		
	<u>2010-11</u>	<u>ARRA</u>	<u>Auxiliary</u> <u>Services</u> <u>Compensatory</u> <u>Education</u>	<u>Supplemental</u> <u>Instruction</u>	<u>Examination &</u> <u>Classification</u>	<u>Corrective</u> <u>Speech</u>
REVENUE:						
State Sources			\$ 24,951	\$ 9,519	\$ 15,148	\$ 11,891
Federal Sources	\$ 1,074	\$ 12,555				
Local Sources						
Total Revenue	<u>\$ 1,074</u>	<u>\$ 12,555</u>	<u>\$ 24,951</u>	<u>\$ 9,519</u>	<u>\$ 15,148</u>	<u>\$ 11,891</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional Services						
Other Purchased Services						
General Supplies	1,074	7,555				
Textbooks						
Other Objects						
Total Instruction	<u>1,074</u>	<u>7,555</u>				
Support Services:						
Salaries of Other Professional Staff						
Other - Employee Benefits						
Purchased Professional - Technical Services		5,000				
Other Purchased Professional Services						
Tuition			24,951	9,519	15,148	11,891
Other Purchased Services						
Supplies and Materials						
Total Support Services		<u>5,000</u>	<u>24,951</u>	<u>9,519</u>	<u>15,148</u>	<u>11,891</u>
Facilities Acquisition:						
Non Instructional Equipment						
Total Facilities Acquisition						
Total Expenditures	<u>\$ 1,074</u>	<u>\$ 12,555</u>	<u>\$ 24,951</u>	<u>\$ 9,519</u>	<u>\$ 15,148</u>	<u>\$ 11,891</u>

POMPTON LAKES BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	<u>Nonpublic Home Instruction</u>	<u>Nonpublic Textbook</u>	<u>Nonpublic Nursing</u>	<u>Local Grants</u>	<u>Totals June 30, 2011</u>
REVENUE:					
State Sources	\$ 8,702	\$ 14,153	\$ 16,770		\$ 101,134
Federal Sources					863,775
Local Sources				\$ 8,473	8,473
Total Revenue	<u>\$ 8,702</u>	<u>\$ 14,153</u>	<u>\$ 16,770</u>	<u>\$ 8,473</u>	<u>\$ 973,382</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers				5,270	56,569
Purchased Professional Services	8,702			868	14,641
Other Purchased Services					495,151
General Supplies				2,335	80,920
Textbooks		14,153			14,153
Other Objects					500
Total Instruction	<u>8,702</u>	<u>14,153</u>		<u>8,473</u>	<u>661,934</u>
Support Services:					
Salaries of Other Professional Staff					34,366
Other - Employee Benefits					8,286
Purchased Professional - Technical Services					77,475
Other Purchased Professional Services			16,770		16,770
Tuition					61,509
Other Purchased Services					4,960
Supplies and Materials					36,215
Total Support Services			<u>16,770</u>		<u>239,581</u>
Facilities Acquisition:					
Non Instructional Equipment					71,867
Total Facilities Acquisition					<u>71,867</u>
Total Expenditures	<u>\$ 8,702</u>	<u>\$ 14,153</u>	<u>\$ 16,770</u>	<u>\$ 8,473</u>	<u>\$ 973,382</u>

CAPITAL PROJECTS FUND

Exhibit F-1

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

Revenue and Other Financing Sources:	
Transfer from Capital Reserve	\$ 333,114
Interest income	1,327
	<hr/>
Total revenue and other financing sources	334,441
	<hr/>
Expenditures :	
Purchased professional and technical services	54,169
Construction services	552,106
Supplies and materials	11,635
Transfer to General Fund - Interest	1,327
	<hr/>
Total expenditures	619,237
	<hr/>
Excess/(deficit) of revenue and other financing sources over/(under) expenditures	(284,796)
	<hr/>
Fund balance - beginning of year	699,055
	<hr/>
Fund balance - end of year	\$ 414,259
	<hr/> <hr/>
Recapitulation:	
Committed	\$ 66,000
Restricted	348,259
	<hr/>
Fund Balance per Governmental Funds (GAAP)	\$ 414,259
	<hr/> <hr/>

POMPTON LAKES BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HIGH SCHOOL IMPROVEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Bond proceeds	\$ 4,256,000		\$ 4,256,000	\$ 4,256,000
Total revenue and other financing sources	<u>4,256,000</u>		<u>4,256,000</u>	<u>4,256,000</u>
Expenditures:				
Purchased professional and technical services	359,949	\$ 43,701	403,650	407,869
Construction services	3,169,262	295,460	3,464,722	3,808,762
Supplies and materials	27,581	11,635	39,216	39,216
Other objects	153		153	153
Total expenditures	<u>3,556,945</u>	<u>350,796</u>	<u>3,907,741</u>	<u>4,256,000</u>
Excess/(deficit) of revenue and other Financing sources over/(under) expenditures	<u>\$ 699,055</u>	<u>\$ (350,796)</u>	<u>\$ 348,259</u>	<u>\$ -0-</u>

Additional project information:

Project Number:	
High School	#4230-050-09-1000
Grant Date	N/A
Bond Authorization Date	03/16/2009
Bonds Authorized	4,256,000
Bonds Issued	4,256,000
Original Authorized Cost	4,256,000
Revised Authorized Cost	4,256,000

Percentage Increase over Original

Authorized Cost	0%
Percentage Completion	92%
Original target completion date	11/2009
Revised target completion date	12/2011

POMPTON LAKES BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
VARIOUS IMPROVEMENTS TO SCHOOL BUILDINGS AND GROUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Transfer from capital reserve		\$ 289,946	\$ 289,946	\$ 289,946
Total revenue and other financing sources		289,946	289,946	289,946
Expenditures:				
Facilities acquisition and construction services		223,946	223,946	289,946
Total expenditures		223,946	223,946	289,946
Excess/(deficit) of revenue over/(under) expenditures	\$ -0-	\$ 66,000	\$ 66,000	\$ -0-

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 331,000
Revised Authorized Cost	289,946

Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100%
Original target completion date	6/2011
Revised target completion date	9/2011

POMPTON LAKES BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
LAKESIDE SCHOOL WALL STABILIZATION PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Transfer from capital reserve		\$ 43,168	\$ 43,168	\$ 43,168
Total revenue and other financing sources		43,168	43,168	43,168
Expenditures:				
Purchased professional and technical services		10,468	10,468	10,468
Construction services		32,700	32,700	32,700
Total expenditures		43,168	43,168	43,168
Excess/(deficit) of revenue over/(under) expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 42,700
Revised Authorized Cost	43,168

Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100%
Original target completion date	6/2011
Revised target completion date	6/2011

PROPRIETARY FUNDS

Exhibit G-1

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

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 111,890
Inventories	7,539
	<hr/>

Total Current Assets	<hr/> 119,429
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Non-Current Assets

Capital Assets	242,972
Accumulated Depreciation	(105,857)
	<hr/>

Total Non-Current Assets	<hr/> 137,115
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Total Assets	<hr/> 256,544
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LIABILITIES:

Current Liabilities:

Accounts Payable	3,486
Interfund - General Fund	3,700
	<hr/>

Total Current Liabilities	<hr/> 7,186
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NET ASSETS:

Invested in Capital Assets	137,115
Unrestricted	112,243
	<hr/>
Total Net Assets	<hr/> <u>\$ 249,358</u>

Exhibit G-2

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

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 274,895
	<hr/>
Total Operating Revenue	274,895
	<hr/>
Operating Expenses:	
Cost of Sales	181,297
Salaries, Benefits and Payroll Taxes	179,716
Management Fee	9,594
Other Purchased Services	2,961
Supplies and Materials	3,691
Depreciation Expense	14,275
	<hr/>
Total Operating Expenses	391,534
	<hr/>
Operating Loss	(116,639)
	<hr/>
Non-Operating Income:	
State Sources:	
State School Lunch Program	3,933
Federal Sources:	
National School Lunch Program	97,815
U.S.D.A Commodities	13,832
Local Sources:	
Interest Income	42
	<hr/>
Total Non-Operating Income	115,622
	<hr/>
Change in Net Assets	(1,017)
	<hr/>
Net Assets - Beginning of Year	250,375
	<hr/>
Net Assets - End of Year	\$ 249,358
	<hr/> <hr/>

Exhibit G-3

POMPTON LAKES BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 274,895
Payments to Food Service Vendor	(364,366)
Net Cash Used for Operating Activities	<u>(89,471)</u>
Cash Flows from Investing Activities:	
Interest Income	42
Net Cash Provided by Investing Activities	<u>42</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from State and Federal Reimbursements	108,795
Net Cash Provided by Noncapital Financing Activities	<u>108,795</u>
Net Increase in Cash and Cash Equivalents	19,366
Cash and Cash Equivalents, July 1	<u>92,524</u>
Cash and Cash Equivalents, June 30	<u>\$ 111,890</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (116,639)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	14,275
Federal Food Distribution Program	13,832
Changes in Assets and Liabilities:	
(Increase) in Inventory	(406)
(Decrease) in Accounts Payable	(533)
Net Cash Used for Operating Activities	<u>\$ (89,471)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$13,832 for the fiscal year ended June 30, 2011.

FIDUCIARY FUNDS

POMPTON LAKES BOROUGH SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2011

	Student Activities	Agency Payroll	Total Agency	Unemployment Compensation Trust
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 191,831	\$ 201,325	\$ 393,156	\$ 122,573
Receivable:				
Other		468	468	
Interfund		1,220	1,220	
Total Assets	<u>191,831</u>	<u>203,013</u>	<u>394,844</u>	<u>122,573</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings		137,033	137,033	
Interfund Accounts Payable		64,980	64,980	1,220
Due to Student Groups	191,831		191,831	
Total Liabilities	<u>191,831</u>	<u>202,013</u>	<u>393,844</u>	<u>1,220</u>
<u>NET ASSETS:</u>				
Held in Trust for Unemployment Claims				<u>121,353</u>
Total Net Assets	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 121,353</u>

POMPTON LAKES BOROUGH SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011

	<u>Unemployment Compensation Trust</u>
<u>ADDITIONS:</u>	
Contributions:	
Plan Members	\$ 39,821
Total Contributions	<u>39,821</u>
Investment Earnings:	
Interest	<u>179</u>
Net Investment Earnings	<u>179</u>
Total Additions	<u>40,000</u>
<u>DEDUCTIONS:</u>	
Unemployment Compensation Claims	<u>11,636</u>
Total Deductions	<u>11,636</u>
Change in Net Assets	28,364
Net Assets—Beginning of the Year	<u>92,989</u>
Net Assets—End of the Year	<u>\$ 121,353</u>

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

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 193,430	\$ 518,870	\$ 520,469	\$ 191,831
Total Assets	<u>\$ 193,430</u>	<u>\$ 518,870</u>	<u>\$ 520,469</u>	<u>\$ 191,831</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 193,430	\$ 518,870	\$ 520,469	\$ 191,831
Total Liabilities	<u>\$ 193,430</u>	<u>\$ 518,870</u>	<u>\$ 520,469</u>	<u>\$ 191,831</u>

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

	<u>Balance</u> <u>July 1, 2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2011</u>
Elementary Schools:				
Lincoln	\$ 15,107	\$ 13,812	\$ 11,808	\$ 17,111
Lenox	24,870	16,345	14,880	26,335
Total Elementary Schools	39,977	30,157	26,688	43,446
Middle Schools:				
Lakeside	17,163	103,114	98,731	21,546
High School:				
Pompton Lakes High School	136,290	385,599	395,050	126,839
Total All Schools	<u>\$ 193,430</u>	<u>\$ 518,870</u>	<u>\$ 520,469</u>	<u>\$ 191,831</u>

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

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 52,690	\$ 21,004,552	\$ 20,855,917	\$ 201,325
Receivable:				
Other		468		468
Interfund		1,220		1,220
	<u>52,690</u>	<u>21,006,240</u>	<u>20,855,917</u>	<u>203,013</u>
Total Assets	<u>\$ 52,690</u>	<u>\$ 21,006,240</u>	<u>\$ 20,855,917</u>	<u>\$ 203,013</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 52,690	\$ 20,941,260	\$ 20,855,917	\$ 138,033
Interfund Accounts Payable - General Fund		64,980		64,980
	<u>52,690</u>	<u>21,006,240</u>	<u>20,855,917</u>	<u>203,013</u>
Total Liabilities	<u>\$ 52,690</u>	<u>\$ 21,006,240</u>	<u>\$ 20,855,917</u>	<u>\$ 203,013</u>

LONG-TERM DEBT

POMPTON LAKES BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance June 30, 2010	Matured	Balance June 30, 2011
			Date	Amount				
Improvements to Various Schools	8/1/1995	\$ 1,597,000	08/1/2011	\$ 100,000	5.60%	\$ 597,000	\$ 100,000	\$ 497,000
			08/1/2012	100,000	5.70%			
			08/1/2013-14	100,000	5.80%			
			08/1/2015	97,000	5.80%			
Improvements to Various Schools	4/30/2009	4,256,000	09/1/2011	190,000	3.00%	4,256,000	185,000	4,071,000
			09/1/2012	195,000	3.00%			
			09/1/2013	200,000	3.00%			
			09/1/2014	225,000	3.00%			
			09/1/2015	250,000	3.00%			
			09/1/2016	275,000	3.00%			
			09/1/2017	285,000	3.13%			
			09/1/2018	300,000	3.38%			
			09/1/2019	335,000	3.50%			
			09/1/2020	350,000	3.75%			
			09/1/2021	360,000	3.88%			
			09/1/2022	370,000	4.00%			
			09/1/2023	370,000	4.00%			
			09/1/2024	366,000	4.00%			
						\$ 4,853,000	\$ 285,000	\$ 4,568,000

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

NOT APPLICABLE

POMPTON LAKES BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
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>
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 331,427		\$ 331,427	\$ 331,427	
State Sources:					
Debt Service Aid Type II	163,622		163,622	163,622	
Total Revenue	<u>495,049</u>		<u>495,049</u>	<u>495,049</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	180,960		180,960	180,960	
Redemption of Principal	314,188		314,188	314,188	
Total Regular Debt Service	<u>495,148</u>		<u>495,148</u>	<u>495,148</u>	
Total Expenditures	<u>495,148</u>		<u>495,148</u>	<u>495,148</u>	
Excess (Deficiency) of Revenue Over (Under) Expenditures	(99)		(99)	(99)	
Fund Balance, July 1	<u>46,629</u>		<u>46,629</u>	<u>46,629</u>	
Fund Balance, June 30	<u>\$ 46,530</u>	<u>\$ -0-</u>	<u>\$ 46,530</u>	<u>\$ 46,530</u>	<u>\$ -0-</u>
<u>Recapitulation:</u>					
Restricted - Designated for Subsequent Year's Expenditures				<u>\$ 46,530</u>	

POMPTON LAKES BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF ECONOMIC DEVELOPMENT AUTHORITY LOANS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Loans Outstanding June 30, 2011		Interest Rate	Balance June 30, 2010	Matured	Balance June 30, 2011
			Date	Amount				
Improvements to Various Schools	7/15/1994	\$ 340,406	07/15/2011	\$ 23,116	5.28%	\$ 94,641	\$ 22,163	\$ 72,478
			07/15/2012	24,142	5.28%			
			07/15/2013	25,218	5.28%			
Improvements to Various Schools	7/15/1994	133,468	07/15/2011-12	7,025	1.50%	28,098	7,025	21,073
			07/15/2013	7,023	1.50%			
						\$ 122,739	\$ 29,188	\$ 93,551

STATISTICAL SECTION

This part of the District'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 District's overall financial health.

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

POMPTON LAKES SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Governmental Activities:							
Invested in Capital Assets, Net of Related Debt/(Deficit)	\$ 2,932,632	\$ 3,044,599	\$ 2,874,426	\$ 2,783,945	\$ (1,337,284)	\$ 1,989,161	\$ 2,883,502
Restricted	775,341	1,418,294	1,295,172	1,096,104	5,422,599	2,163,436	2,139,384
Unrestricted/(Deficit)	(189,035)	(976,460)	(1,731,734)	(1,336,425)	(1,421,701)	(1,924,451)	(1,993,463)
Total Governmental Activities Net Assets	\$ 3,518,938	\$ 3,486,433	\$ 2,437,864	\$ 2,543,624	\$ 2,663,614	\$ 2,228,146	\$ 3,029,423
Business-Type Activities:							
Invested in Capital Assets, Net of Related Debt	\$ 8,658	\$ 8,301	\$ 101,886	\$ 117,285	\$ 139,027	\$ 151,390	\$ 137,115
Unrestricted	134,603	163,295	126,869	110,328	111,397	98,985	112,243
Total Business-Type Activities Net Assets	\$ 143,261	\$ 171,596	\$ 228,755	\$ 227,613	\$ 250,424	\$ 250,375	\$ 249,358
District-Wide:							
Invested in Capital Assets, Net of Related Debt/(Deficit)	\$ 2,941,290	\$ 3,052,900	\$ 2,976,312	\$ 2,901,230	\$ (1,198,257)	\$ 2,140,551	\$ 3,020,617
Restricted	775,341	1,418,294	1,295,172	1,096,104	5,422,599	2,163,436	2,139,384
Unrestricted/(Deficit)	(54,432)	(813,165)	(1,604,865)	(1,226,097)	(1,310,304)	(1,825,466)	(1,881,220)
Total District Net Assets	\$ 3,662,199	\$ 3,658,029	\$ 2,666,619	\$ 2,771,237	\$ 2,914,038	\$ 2,478,521	\$ 3,278,781

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

Source: School District Financial Reports

POMPTON LAKES SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Expenses:							
Governmental Activities:							
Instruction:							
Regular	\$ 11,061,590	\$ 11,717,150	\$ 12,965,156	\$ 13,515,282	\$ 12,729,552	\$ 13,607,789	\$ 13,307,300
Special Education	2,313,298	2,622,143	2,955,043	3,006,391	3,182,959	3,422,800	3,567,861
Other Special Instruction	472,618	606,411	439,048	528,998	590,384	672,278	623,803
Other Instruction	523,547	518,763	583,209	557,497	564,801	580,262	507,229
Support Services:							
Tuition	1,028,285	1,363,681	1,450,532	1,604,429	1,528,153	1,563,883	1,225,655
Student & Instruction Related Services	3,023,963	3,444,551	3,476,870	3,734,263	3,796,965	3,917,180	3,655,904
General Administrative Services	562,659	537,749	525,341	596,724	607,958	625,837	711,555
School Administrative Services	1,517,728	1,489,388	1,952,786	1,283,682	1,569,100	1,928,409	1,569,303
Plant Operations and Maintenance	2,763,872	3,002,930	3,399,752	3,135,730	3,184,484	3,239,984	3,316,860
Pupil Transportation	592,042	688,963	847,480	803,942	808,315	694,479	585,210
Central Services	466,238	486,483	513,983	667,030	523,345	571,707	579,974
Food Services	23,265	3,000	8,855	6,811			
Capital Outlay				16,297			
Charter Schools					15,135	16,506	
Interest on Long-Term Debt	53,611	62,397	57,057	51,676	45,632	187,534	176,646
Unallocated Depreciation	185,662	185,955	186,507	164,303	187,791	188,348	205,290
Total Governmental Activities Expenses	<u>24,588,378</u>	<u>26,729,364</u>	<u>29,361,619</u>	<u>29,673,055</u>	<u>29,334,574</u>	<u>31,216,996</u>	<u>30,032,590</u>
Business-Type Activities:							
Food Service	300,623	326,512	312,866	391,489	359,002	389,953	391,534
Total Business-Type Activities Expense	<u>300,623</u>	<u>326,512</u>	<u>312,866</u>	<u>391,489</u>	<u>359,002</u>	<u>389,953</u>	<u>391,534</u>
Total District Expenses	<u>\$ 24,889,001</u>	<u>\$ 27,056,076</u>	<u>\$ 29,674,485</u>	<u>\$ 30,064,544</u>	<u>\$ 29,693,576</u>	<u>\$ 31,606,949</u>	<u>\$ 30,424,124</u>
Program Revenues:							
Governmental Activities:							
Charges for Services:							
Tuition	\$ 1,414,594	\$ 1,526,671	\$ 1,716,210	\$ 1,691,670	\$ 1,746,583	\$ 1,760,349	\$ 1,705,558
Operating Grants and Contributions	3,356,643	3,554,046	4,408,555	4,502,289	3,413,585	3,658,773	3,734,391
Total Governmental Activities Program Revenues	<u>4,771,237</u>	<u>5,080,717</u>	<u>6,124,765</u>	<u>6,193,959</u>	<u>5,160,168</u>	<u>5,419,122</u>	<u>5,439,949</u>
Business-Type Activities:							
Charges for Services:							
Food Service	289,917	291,659	304,029	306,255	292,737	283,655	274,895
Operating Grants and Contributions	52,360	60,953	64,404	83,093	88,837	106,192	115,580
Total Business Type Activities Program Revenues	<u>342,277</u>	<u>352,612</u>	<u>368,433</u>	<u>389,348</u>	<u>381,574</u>	<u>389,847</u>	<u>390,475</u>
Total District Program Revenues	<u>\$ 5,113,514</u>	<u>\$ 5,433,329</u>	<u>\$ 6,493,198</u>	<u>\$ 6,583,307</u>	<u>\$ 5,541,742</u>	<u>\$ 5,808,969</u>	<u>\$ 5,830,424</u>

POMPTON LAKES SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Net (Expense)/Revenue:							
Governmental Activities	\$ (19,817,141)	\$ (21,648,847)	\$ (23,236,854)	\$ (23,479,096)	\$ (24,174,406)	\$ (25,797,874)	\$ (24,592,641)
Business-Type Activities	41,654	26,100	55,567	(2,141)	22,572	(106)	(1,059)
Total District-Wide Net Expense	<u>\$ (19,775,487)</u>	<u>\$ (21,622,747)</u>	<u>\$ (23,181,287)</u>	<u>\$ (23,481,237)</u>	<u>\$ (24,151,834)</u>	<u>\$ (25,797,980)</u>	<u>\$ (24,593,700)</u>
General Revenues and Other Changes in Net Assets:							
Governmental Activities:							
Property Taxes Levied for General Purposes, Net	\$ 16,865,661	\$ 18,044,708	\$ 18,612,007	\$ 19,908,050	\$ 20,375,740	\$ 21,518,703	\$ 22,063,451
Taxes Levied for Debt Service	129,976	142,744	136,507	132,733	136,949	302,602	331,427
Federal and State Aid Not Restricted	3,221,279	3,287,960	3,280,142	3,431,775	3,714,593	3,482,076	2,855,772
Investment Earnings	38,592	101,182	128,616	83,222	20,980	14,717	7,345
Miscellaneous Income	17,682	39,748	31,013	29,076	46,134	44,308	135,923
Total Governmental Activities	<u>20,273,190</u>	<u>21,616,342</u>	<u>22,188,285</u>	<u>23,584,856</u>	<u>24,294,396</u>	<u>25,362,406</u>	<u>25,393,918</u>
Business-Type Activities:							
Investment Earnings	1,121	2,235	1,592	999	239	57	42
Total Business-Type Activities	<u>1,121</u>	<u>2,235</u>	<u>1,592</u>	<u>999</u>	<u>239</u>	<u>57</u>	<u>42</u>
Total District-Wide	<u>\$ 20,274,311</u>	<u>\$ 21,618,577</u>	<u>\$ 22,189,877</u>	<u>\$ 23,585,855</u>	<u>\$ 24,294,635</u>	<u>\$ 25,362,463</u>	<u>\$ 25,393,960</u>
Change in Net Assets:							
Governmental Activities	\$ 456,049	\$ (32,505)	\$ (1,048,569)	\$ 105,760	\$ 119,990	\$ (435,468)	\$ 801,277
Business-Type Activities	42,775	28,335	57,159	(1,142)	22,811	(49)	(1,017)
Total District	<u>\$ 498,824</u>	<u>\$ (4,170)</u>	<u>\$ (991,410)</u>	<u>\$ 104,618</u>	<u>\$ 142,801</u>	<u>\$ (435,517)</u>	<u>\$ 800,260</u>

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

Source: School District Financial Reports

POMPTON LAKES SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
General Fund:							
Restricted/Reserved	\$ 775,340	\$ 1,418,294	\$ 1,295,171	\$ 1,096,102	\$ 1,304,125	\$ 1,417,752	\$ 1,407,943
Unreserved	674,014	548,623	469,820	648,450	427,790	521,450	
Assigned							270,652
Unassigned							279,701
Total General Fund	<u>\$ 1,449,354</u>	<u>\$ 1,966,917</u>	<u>\$ 1,764,991</u>	<u>\$ 1,744,552</u>	<u>\$ 1,731,915</u>	<u>\$ 1,939,202</u>	<u>\$ 1,958,296</u>
All Other Governmental Funds:							
Restricted/Reserved for:							
Capital Projects Fund					\$ 328,045	\$ 124,831	\$ 348,259
Debt Service Fund							46,530
Committed for:							
Capital Projects Fund							66,000
Unreserved, Reported In:							
Capital Projects Fund					3,790,328	574,224	
Debt Service Fund	\$ 1		\$ 1	\$ 2	101	46,629	
Total all other governmental funds	<u>\$ 1</u>	<u>\$ -0-</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 4,118,474</u>	<u>\$ 745,684</u>	<u>\$ 460,789</u>

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

Source: School District Financial Reports

POMPTON LAKES SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Revenues:							
Tax Levy	\$ 16,995,637	\$ 18,187,452	\$ 18,748,514	\$ 20,040,783	\$ 20,512,689	\$ 21,821,305	\$ 22,394,878
Tuition Charges	1,414,594	1,526,671	1,716,210	1,691,670	1,746,583	1,760,349	1,705,558
Interest Earnings	38,592	101,182	128,616	83,222	20,980	14,717	7,345
Miscellaneous	17,682	39,748	34,013	36,699	60,751	64,426	154,636
State Sources	6,053,712	6,318,116	7,158,029	7,376,816	6,540,190	5,840,665	5,754,884
Federal Sources	524,210	523,890	527,668	549,625	573,371	1,280,066	816,566
Total Revenue	25,044,427	26,697,059	28,313,050	29,778,815	29,454,564	30,781,528	30,833,867
Expenditures:							
Instruction:							
Regular Instruction	7,129,664	6,960,916	7,379,302	7,911,923	7,889,958	8,319,487	8,456,681
Special Education Instruction	2,320,828	2,630,453	2,946,138	3,005,141	3,180,234	3,419,130	3,564,101
Other Special Instruction	472,618	606,411	439,048	528,998	590,384	672,278	623,803
Other Instruction	523,547	518,763	583,209	557,497	564,801	580,262	507,229
Support Services:							
Tuition	1,028,285	1,363,681	1,450,532	1,604,429	1,528,153	1,563,883	1,225,655
Student & Instruction Related Services	2,590,263	2,816,615	2,917,942	3,155,154	3,173,906	3,301,107	3,015,478
General Administrative Services	498,499	475,090	470,357	430,056	491,188	508,664	491,731
School Administrative Services	1,128,286	1,112,138	1,187,183	1,205,056	1,228,351	1,329,247	1,299,858
Plant Operations and Maintenance	2,289,828	2,516,723	2,853,543	2,737,310	2,692,829	2,690,438	2,728,584
Pupil Transportation	592,042	688,963	847,480	803,942	808,315	694,479	585,210
Central Services	413,136	407,291	432,236	445,276	388,552	428,850	447,291
Food Service	23,265	3,000	8,855	6,811			
Unallocated Benefits	5,203,626	5,709,357	6,823,198	7,209,097	6,475,556	6,616,995	6,808,868
Charter Schools					15,135	16,506	
Capital Outlay		199,971	10,395	37,584	411,272	3,521,411	850,031
Debt Service:							
Principal	104,392	105,078	105,830	106,612	117,441	118,282	314,188
Interest and Other Charges	56,243	65,047	59,727	54,367	48,654	166,012	180,960
Total Expenditures	24,374,522	26,179,497	28,514,975	29,799,253	29,604,729	33,947,031	31,099,668
Net Change in Fund Balances	\$ 669,905	\$ 517,562	\$ (201,925)	\$ (20,438)	\$ (150,165)	\$ (3,165,503)	\$ (265,801)
Debt Service as a Percentage of Noncapital Expenditures	0.66%	0.65%	0.58%	0.54%	0.57%	0.93%	1.64%

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

Source: School District Financial Reports

Exhibit J-5

POMPTON LAKES SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Other	Total
2002	\$ 31,716	\$ 863,051	\$ 32,101	\$ 926,868
2003	11,608	1,271,816	63,380	1,346,804
2004	11,214	1,298,297	18,264	1,327,775
2005	38,592	1,414,594	17,682	1,470,868
2006	101,182	1,526,671	39,748	1,667,601
2007	128,616	1,716,210	34,013	1,878,839
2008	83,222	1,691,670	29,076	1,803,968
2009	15,660	1,746,583	46,034	1,808,277
2010	8,695	1,760,349	44,308	1,813,352
2011	6,018	1,705,558	135,923	1,847,499

Source: Pompton Lakes School District records

POMPTON LAKES SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST SEVEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2004	\$ 4,357,400	\$ 536,435,300	\$ 59,424,700	\$ 17,498,600	\$ 12,545,200	\$ 630,261,200	\$ 60,269,000	\$ 830,053	\$ 631,091,253	\$ 2.603	\$ 1,002,178,292
2005	3,442,400	545,289,300	59,424,700	17,498,600	12,445,200	638,100,200	60,667,900	586,130	638,686,330	2.755	1,141,487,468
2006	3,971,600	545,766,200	58,568,900	17,498,600	14,938,200	640,743,500	53,923,300	481,914	641,225,414	2.881	1,305,932,463
2007	3,264,900	548,511,400	57,858,000	17,498,600	14,538,200	641,671,100	54,671,700	443,036	642,114,136	3.020	1,450,558,567
2008	3,080,300	550,794,900	56,518,100	18,436,500	11,893,400	640,723,200	57,527,500	430,034	641,153,234	3.163	1,530,770,516
2009	3,137,600	552,469,700	55,798,600	17,976,500	11,893,400	641,275,800	57,881,000	437,101	641,712,901	3.299	1,574,701,361
2010	3,137,600	542,138,200	55,605,000	18,568,500	11,893,400	631,342,700	58,007,200		631,342,700	3.502	1,458,249,154

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

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

POMPTON LAKES SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(rate per \$100 of assessed value)

Year Ended December 31,	Pompton Lakes School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	Debt Service ^b	Total Direct	Borough of Pompton Lakes	Passaic County	
2001	\$ 2.286	\$ 0.027	\$ 2.313	\$ 0.870	\$ 0.687	\$ 3.870
2002	2.375	0.026	2.401	0.884	0.775	4.060
2003	2.469	0.026	2.495	0.881	0.804	4.180
2004	2.579	0.024	2.603	0.869	0.878	4.350
2005	2.734	0.021	2.755	0.950	0.945	4.650
2006	2.858	0.023	2.881	1.102	1.067	5.050
2007	3.207	0.021	3.020	1.178	1.118	5.316
2008	3.142	0.021	3.163	1.254	1.205	5.622
2009	3.253	0.046	3.299	1.303	1.234	5.836
2010	3.450	0.052	3.502	1.390	1.240	6.132

Source: Municipal Tax Collector and School Business Administrator

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

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

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

POMPTON LAKES SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

2010			2001		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
E.I. Dupont, Denemours & Co.	\$ 15,063,900	2.35%	E.I. Dupont, Denemours & Co.	\$ 15,063,900	2.61%
Pompton Center Associates	9,645,400	1.50%	Larson Financial Resources	4,300,000	0.74%
Larson Financial Resources	4,300,000	0.67%	Pompton Center Associates	4,058,500	0.70%
F & B Construction Company	2,950,000	0.46%	F& B Construction Company	3,021,900	0.52%
Higgins & Peragallo	2,871,600	0.45%	Higgins & Peragallo	2,876,600	0.50%
Alrose Pompton LLC	2,703,200	0.42%	Pompton Five Associates	2,728,400	0.47%
Tresenfeld & Singer	2,000,000	0.24%	Grecco & Scardilli	2,570,200	0.44%
Landolina Investment Co, LP	1,525,700	0.31%	Lockwood Brothers	2,405,400	0.42%
Walsh Industrial Condominium Inc	1,423,100	0.22%	John Royle & Sons	2,275,000	0.39%
Valbruna Stainless, Inc.	1,400,000	0.22%	Cape Realty	2,000,000	0.35%
Total	\$ 43,882,900	6.84%		\$ 41,299,900	7.14%

POMPTON LAKES SCHOOL DISTRICT
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 ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2001	\$ 12,987,643	\$ 12,987,643	100.00%	-0-
2002	13,735,736	13,735,736	100.00%	-0-
2003	14,687,622	14,687,622	100.00%	-0-
2004	15,849,853	15,849,853	100.00%	-0-
2005	16,995,637	16,995,637	100.00%	-0-
2006	18,187,452	18,187,452	100.00%	-0-
2007	18,748,514	18,748,514	100.00%	-0-
2008	20,040,783	20,040,783	100.00%	-0-
2009	20,512,689	20,512,689	100.00%	-0-
2010	21,821,305	21,821,305	100.00%	-0-
2011	22,394,878	22,394,878	100.00%	-0-

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

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

POMPTON LAKES SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST SEVEN FISCAL YEARS
UNAUDITED
(dollars in thousands, except per capita)

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Governmental Activities</u>		<u>Total District</u>	<u>Percentage of</u> <u>Personal Income</u> ^a	<u>Per Capita</u> ^a
	<u>General</u> <u>Obligation Bonds</u>	<u>Economic</u> <u>Development</u> <u>Authority Loans</u>			
2005	\$ 1,017,000	\$ 255,982	\$ 1,272,982	0.32%	\$ 114.90
2006	937,000	230,904	1,167,904	0.28%	106.02
2007	857,000	205,074	1,062,074	0.24%	96.79
2008	777,000	178,462	955,462	0.21%	87.13
2009	4,943,000	151,021	5,094,021	1.14%	461.41
2010	4,853,000	122,739	4,975,739	1.11%	450.70
2011	4,568,000	93,551	4,661,551	1.04%	422.24

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

Source: School District Financial Reports

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

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

POMPTON LAKES SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST SEVEN FISCAL YEARS
UNAUDITED
(dollars in thousands, except per capita)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds and EDA Loans	Deductions	Net General Bonded Debt Outstanding		
2005	\$ 1,272,982	\$ -0-	\$ 1,272,982	0.202%	\$ 114.90
2006	1,167,904	-0-	1,167,904	0.183%	106.02
2007	1,062,074	-0-	1,062,074	0.166%	96.79
2008	955,462	-0-	955,462	0.149%	87.13
2009	5,094,021	-0-	5,094,021	0.795%	461.41
2010	4,975,739	-0-	4,975,739	0.775%	450.70
2011	4,661,551	-0-	4,661,551	0.738%	422.24

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

Source: School District Financial Reports

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

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

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

POMPTON LAKES SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2010
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Pompton Lakes	\$ 6,965,340	100.00%	\$ 6,965,340
Passaic County General Obligation Debt	373,881,844	2.62%	<u>9,797,931</u>
Subtotal, overlapping debt			16,763,271
Pompton Lakes School District Direct Debt			<u>4,661,551</u>
Total direct and overlapping debt			<u>\$ 21,424,822</u>

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

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

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

POMPTON LAKES SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION,
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized Valuation Basis	
2010	\$ 1,384,827,155
2009	1,469,804,722
2008	<u>1,561,596,880</u>
	<u>\$ 4,416,228,757</u>

Average equalized valuation of taxable property	\$ 1,472,076,252
Debt Limit (4% of average equalization value ^a)	\$ 58,883,050
Net bonded school debt as of June 30, 2011	<u>4,661,551</u>
Legal debt margin	<u>\$ 54,221,499</u>

	Fiscal Year				
	2007	2008	2009	2010	2011
Debt limit	\$ 51,260,633	\$ 56,645,744	\$ 60,268,728	\$ 60,016,084	\$ 58,883,050
Total net debt applicable to limit	<u>1,062,074</u>	<u>955,462</u>	<u>5,094,021</u>	<u>4,975,739</u>	<u>4,661,551</u>
Legal debt margin	<u>\$ 50,198,559</u>	<u>\$ 55,690,282</u>	<u>\$ 55,174,707</u>	<u>\$ 55,040,345</u>	<u>\$ 54,221,499</u>
Total net debt applicable to the limit as a percentage of debt limit	2.07%	1.69%	8.45%	8.29%	7.92%

	Fiscal Year				
	2002	2003	2004	2005	2006
Debt limit	\$ 26,944,549	\$ 29,267,837	\$ 33,363,748	\$ 38,551,609	\$ 44,938,668
Total net debt applicable to limit	<u>1,584,193</u>	<u>1,481,105</u>	<u>1,377,374</u>	<u>1,272,982</u>	<u>1,167,904</u>
Legal debt margin	<u>\$ 25,360,356</u>	<u>\$ 27,786,732</u>	<u>\$ 31,986,374</u>	<u>\$ 37,278,627</u>	<u>\$ 43,770,764</u>
Total net debt applicable to the limit as a percentage of debt limit	5.88%	5.06%	4.13%	3.30%	2.60%

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

a Limit set by N.J.S.A. 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

POMPTON LAKES SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Year</u>	<u>Population ^a</u>	<u>Passaic County Per Capita Personal Income ^b</u>	<u>Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2002	10,809	\$ 32,313	\$ 349,271,217	3.80%
2003	10,936	32,807	358,777,352	3.90%
2004	11,155	33,721	376,157,755	3.00%
2005	11,079	35,699	395,509,221	3.80%
2006	11,016	38,392	422,926,272	3.90%
2007	10,973	40,845	448,192,185	3.60%
2008	10,966	41,756	457,896,296	4.70%
2009	11,040	40,436	446,413,440	9.20%
2010	11,040 **	40,436 *	446,413,440	9.40%
2011	11,040 **	40,436 *	446,413,440	N/A

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

** - Latest population data available (2009) was used for calculation purposes.

N/A - Information unavailable.

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

POMPTON LAKES SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Information was not available as of the date of these financial statements.

POMPTON LAKES SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST SEVEN FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction							
Regular	108	107	107	110	115	121	119
Special education	22	21	22	24	30	27	29
Support Services:							
Student & instruction related services	24	24	24	26	28	27	26
School administrative services	21	21	21	22	24	24	23
General and business administrative services	8	8	8	8	8	8	8
Plant operations and maintenance	21	21	21	21	25	24	24
Total	<u>204</u>	<u>202</u>	<u>203</u>	<u>211</u>	<u>230</u>	<u>231</u>	<u>229</u>

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

Source: District Personnel Records

POMPTON LAKES SCHOOL DISTRICT
OPERATING STATISTICS
LAST SEVEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2005	1,840	\$ 24,213,887	\$ 13,160	7.57%	139.3	1:17	1:12	1:13	1,840	1,749	-2.49%	95.05%
2006	1,805	25,809,401	14,299	8.66%	128.6	1:18	1:27	1:21	1,805	1,724	-1.90%	95.48%
2007	1,800	28,339,023	15,744	10.11%	130.0	1:17	1:27	1:22	1,800	1,722	-0.28%	95.67%
2008	1,817	29,600,690	16,291	3.47%	160.0	1:11	1:11	1:12	1,817	1,738	0.94%	95.65%
2009	1,756	29,027,362	16,530	1.47%	156.0	1:11	1:11	1:12	1,756	1,680	-3.36%	95.67%
2010	1,742	30,141,326	17,303	4.67%	148.0	1:11	1:12	1:12	1,742	1,668	-0.80%	95.75%
2011	1,652	29,754,489	18,011	4.09%	148.0	1:11	1:12	1:12	1,652	1,575	-5.17%	95.34%

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

Sources: Borough of Pompton Lakes School District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d The Cost Per Pupil calculated above is the sum of the operating expenditures divided by enrollment. This Cost Per Pupil may be different from other Cost Per Pupil calculations.

POMPTON LAKES SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST SEVEN FISCAL YEARS
UNAUDITED

<u>District Building</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Lincoln Elementary School (1956)							
Square Feet	38,195	38,195	38,195	38,195	38,195	38,195	38,195
Capacity (students)	360	360	360	360	360	360	360
Enrollment	369	372	360	362	361	376	311
Lenox Elementary School (1916, 1923, 1974)							
Square Feet	46,681	46,681	46,681	46,681	46,681	46,681	46,681
Capacity (students)	419	419	419	419	419	419	419
Enrollment	396	382	372	366	355	350	326
Lakeside Middle School (1968)							
Square Feet	70,550	70,550	70,550	70,550	70,550	70,550	70,550
Capacity (students)	366	366	366	366	366	366	366
Enrollment	427	418	396	379	380	360	373
Pompton Lakes High School (1931, 1960, 1967)							
Square Feet	98,685	98,685	98,685	98,685	98,685	98,685	98,685
Capacity (students)	886	886	886	886	886	886	886
Enrollment	651	637	665	706	663	656	642
Administration Offices Building (1968)							
Square Feet	3,072	3,072	3,072	3,072	3,072	3,072	3,072
District Administration Storage (1900)							
Square Feet	2,400	2,400	2,400	2,400	2,400	2,400	2,400
High School Storage Building (1970)							
Square Feet	1,500	1,500	1,500	1,500	1,500	1,500	1,500
High School Storage Garage (1975)							
Square Feet	950	950	950	950	950	950	950
Number of Schools at June 30, 2011							
Elementary = 2							
Middle School = 1							
High School = 1							
Other = 4							

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

Source: Borough of Pompton Lakes School District Facilities Office

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

POMPTON LAKES SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
UNAUDITED

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

Fiscal Year Ended June 30,	Total	Pompton Lakes High School	Lakeside Middle School	Lenox Elem. School	Lincoln Elem. School	Administration Offices	District Admin- stration Storage	High School Storage Building	High School Storage Garage
2002	\$ 716,085	\$ 269,687	\$ 192,799	\$ 127,570	\$ 104,380	\$ 8,395	\$ 6,559	\$ 4,099	\$ 2,596
2003	686,921	261,067	185,452	123,635	103,029	6,868	2,402	2,600	1,868
2004	738,450	273,086	191,800	132,960	110,858	7,349	7,402	7,475	7,520
2005	782,647	294,755	210,721	139,428	114,082	9,176	7,168	4,480	2,837
2006	941,873	354,721	253,591	167,794	137,291	11,042	8,627	5,392	3,415
2007	1,334,107	728,920	232,785	170,290	168,196	8,479	8,479	8,479	8,479
2008	1,068,658	534,015	175,783	187,052	152,460	4,837	4,837	4,837	4,837
2009	996,886	375,440	268,402	177,595	145,310	11,687	9,131	5,707	3,614
2010	1,042,438	392,596	280,667	185,710	151,950	12,221	9,548	5,967	3,779
2011	1,074,996	404,857	289,433	191,510	156,696	12,603	9,846	6,154	3,897

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

POMPTON LAKES BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2011
UNAUDITED

	Coverage	Deductible
Comprehensive Package Policy -		
Insurance Corp. of Hanover:		
Property - Blanket Building and Contents	\$ 40,000,000	\$ 5,000
Comprehensive General Liability	1,000,000	
Comprehensive Automobile Liability	1,000,000	
Blanket Employee Dishonesty	500,000	5,000
Boiler and Machinery	100,000,000	1,000
Excess Liability -		
Fireman's Fund Ins. Co.:		
Per Occurrence	50,000,000	
Aggregate	50,000,000	
Umbrella Policy -		
American Alternative:		
Per Occurrence	9,000,000	
Aggregate	9,000,000	
American Safety Casualty Insurance Company:		
Environmental Impairment Liability:		
Per Occurrence	1,000,000	15,000
Aggregate	3,000,000	
School Board Legal Liability -		
Darwin National Assurance Co.:		
Wrongful Act	1,000,000	
Gerber Life Insurance Co. - Accident Insurance:		
Aggregate Limit	500,000	
Surety Bond:		
Treasurer of School Monies - Western Surety	226,000	
Board Secretary - Western Surety	28,500	

Source: District records.

SINGLE AUDIT SECTION



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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance
 and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
 Government Auditing Standards

The Honorable President and Members
 of the Board of Education
 Pompton Lakes Borough School District
 County of Passaic, New Jersey

We have audited the financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Pompton Lakes Borough School District, in the County of Passaic (the "Board") as of, and for the fiscal year ended, June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated September 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey (the "Department"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and 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.

The Honorable President and Members
of the Board of Education
Pompton Lakes Borough School District
Page 2

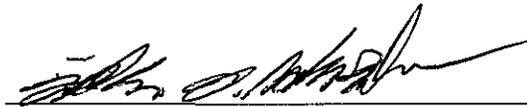
Compliance and Other Matters

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

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

September 27, 2011
Mount Arlington, New Jersey

NISIVOCIA LLP



William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant



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Independent Auditors' 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's OMB Circular NJOMB 04-04

The Honorable President and Members
 of the Board of Education
 Pompton Lakes Borough School District
 County of Passaic, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Pompton Lakes Borough School District in the County of Passaic (the "Board") 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 State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Board's major federal and state programs for the fiscal year ended June 30, 2011. The Board's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board'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; audit requirements prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey (the "Department"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*; and Federal Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards, Federal OMB Circular A-133, and New Jersey's OMB Circular NJOMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board's compliance with those requirements.

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

The Honorable President and Members
of the Board of Education
Pompton Lakes Borough School District
Page 2

Internal Control Over Compliance

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our 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 the *New Jersey State Aid/ Grant Compliance Supplement*, but not for the purpose of expressing our 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or 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 members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

September 27, 2011
Mount Arlington New Jersey

NISIVOCIA LLP



William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant

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

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance		Cash Received	Budgetary Expendi- tures	Cancellation of Prior Years' Encumbrances	Budgetary Basis		
					Deferred Revenue/ (Accounts Receivable) June 30, 2010	Carryover Amount				Deferred Revenue June 30, 2011	(Accounts Receivable) June 30, 2011	Due to Grantor June 30, 2011
U.S. Department of Agriculture:												
Passed-through State Department of Education:												
Child Nutrition Cluster:												
U.S.D.A. Commodities Program	10.555	N/A	7/01/10-6/30/11	\$ 13,832			\$ 13,832	\$ (13,832)				
National School Lunch Program	10.555	N/A	7/01/09-6/30/10	83,665	\$ (6,645)		6,645					
National School Lunch Program	10.555	N/A	7/01/10-6/30/11	97,815			97,815	(97,815)				
Total Child Nutrition Cluster					(6,645)		118,292	(111,647)				
Total U.S. Department of Agriculture					(6,645)		118,292	(111,647)				
U.S. Department of Education:												
Passed-through State Department of Education:												
General Fund:												
Early Childhood Special Education Outcome Study	N/A	N/A	7/01/09-6/30/10	1,971	(1,971)		1,971					
Total General Fund					(1,971)		1,971					
Special Revenue Fund:												
Passed-through State Department of Education:												
No Child Left Behind:												
Title I	84.010A	NCLB-4230-10	9/01/09-8/31/10	99,494	(16,921)		16,921					
Title I	84.010A	NCLB-4230-11	9/01/10-8/31/11	98,143			68,097	(98,143)			\$ (30,046)	
ARRA - Title I	84.389	ARRA-4230-10	7/01/09-8/31/11	31,893	(3,493)		5,093	(1,600)				
Title IIA	84.367A	NCLB-4230-10	9/01/09-8/31/10	36,849	(8,849)		8,849					
Title IIA	84.367A	NCLB-4230-11	9/01/10-8/31/11	38,317			23,510	(35,923)			(12,413)	
Title IID	84.318X	NCLB-4230-10	9/01/09-8/31/10	991	(656)		656					
Title IID	84.318X	NCLB-4230-11	9/01/10-8/31/11	227			209	(227)			(18)	
Title III	84.365A	NCLB-4230-10	9/01/09-8/31/10	13,192	(7,099)		9,099	(2,000)				
Title III	84.365A	NCLB-4230-11	9/01/10-8/31/11	19,238			10,539	(15,438)			(4,899)	
Title III - Immigrant	84.365A	NCLB-4230-10	9/01/09-8/31/10	7,460	(360)		3,860	(3,500)				
Title IV	84.186A	NCLB-4230-10	9/01/09-8/31/10	3,956	(3,134)		3,134					
Total NCLB					(40,512)		149,967	(156,831)			(47,376)	
Special Education Cluster:												
I.D.E.A. Part B, Preschool	84.173	PS-4230-11	9/01/10-8/31/11	12,995				(1,074)			(1,074)	
I.D.E.A. Part B, Preschool	84.173	PS-4230-10	9/01/09-8/31/10	12,325	(10,946)		10,946					
I.D.E.A. Part B, Preschool	84.173	PS-4230-09	9/01/08-8/31/09	12,405	459				\$ 459			
ARRA - I.D.E.A. Part B, Preschool	84.392	ARRA-4230-10	7/01/09-8/31/11	14,670	(1,343)		6,919	(12,555)			(6,979)	
I.D.E.A. Part B, Basic	84.027	FT-4230-11	9/01/10-8/31/11	407,638			341,371	(388,378)			(47,007)	
I.D.E.A. Part B, Basic	84.027	FT-4230-10	9/01/09-8/31/10	399,146	(74,245)		74,245					
I.D.E.A. Part B, Basic	84.027	FT-4230-09	9/01/08-8/31/09	405,929	9,050					9,050		
I.D.E.A. Part B, Basic - ARRA	84.391	ARRA-4230-10	7/01/09-8/31/11	405,829	(26,822)		219,986	(304,937)			(111,773)	
Total Special Education Cluster					(103,847)		653,467	(706,944)			9,509	(166,833)
Total Special Revenue Fund					(144,359)		803,434	(863,775)			9,509	(214,209)
Total Federal Awards					\$ (152,975)	\$ -0-	\$ 923,697	\$ (975,422)	\$ -0-	\$ 9,509	\$ (214,209)	\$ -0-

N/A - Not Applicable/Available

SEE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2011			MEMO	
				Deferred Revenue/ Due to Grantor/ (Accounts Receivable) June 30, 2010				GAAP (Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable June 30, 2011	Cumulative Total Expenditures
State Department of Education:												
General Fund:												
Transportation Aid	10-495-034-5120-014	7/01/09-6/30/10	\$ 109,191	\$ (13,859)	\$ 13,859							\$ 109,191
Special Education Categorical Aid	11-495-034-5120-089	7/01/10-6/30/11	888,541		801,446	\$ (888,541)					\$ (87,095)	888,541
Special Education Categorical Aid	10-495-034-5120-089	7/01/09-6/30/10	892,291	(113,253)	113,253							892,291
Equalization Aid	11-495-034-5120-078	7/01/10-6/30/11	2,056,696		1,855,098	(2,056,696)					(201,598)	2,056,696
Equalization Aid	10-495-034-5120-078	7/01/09-6/30/10	2,149,563	(272,831)	272,831							2,149,563
Security Aid	10-495-034-5120-084	7/01/09-6/30/10	88,592	(11,245)	11,245							88,592
Extraordinary Aid	10-495-034-5120-473	7/01/09-6/30/10	614,327	(614,327)	614,327							614,327
Extraordinary Aid	11-495-034-5120-473	7/01/10-6/30/11	552,976			(552,976)		\$ (552,976)			(552,976)	552,976
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	7/01/10-6/30/11	987,600		987,600							987,600
Subtotal - General Fund				(1,025,515)	4,669,659	(4,485,813)		(552,976)			(841,669)	8,339,777
Special Revenue Fund:												
N.J. Nonpublic Aid:												
Textbook Aid	11-100-034-5120-064	7/01/10-6/30/11	14,153		14,153	(14,153)						14,153
Nursing Services	11-100-034-5120-070	7/01/10-6/30/11	16,770		16,770	(16,770)						16,770
Auxiliary Services:												
Compensatory Education	10-100-034-5120-067	7/01/09-6/30/10	21,113	9,309			\$ (9,309)					11,804
Compensatory Education	11-100-034-5120-067	7/01/10-6/30/11	34,747		34,747	(24,951)			\$ 9,796			24,951
Home Instruction	10-100-034-5120-067	7/01/09-6/30/10	1,402	(1,402)	1,402							1,402
Home Instruction	11-100-034-5120-067	7/01/10-6/30/11	8,702			(8,702)		(8,702)			(8,702)	8,702
Handicapped Services:												
Examination and Classification	10-100-034-5120-066	7/01/09-6/30/10	22,657	6,573			(6,573)					16,084
Examination and Classification	11-100-034-5120-066	7/01/10-6/30/11	20,087		20,087	(15,148)				4,939		15,148
Corrective Speech	10-100-034-5120-066	7/01/09-6/30/10	17,486	1,345			(1,345)					16,141
Corrective Speech	11-100-034-5120-066	7/01/10-6/30/11	12,986		12,986	(11,891)				1,095		11,891
Supplemental Instruction	10-100-034-5120-066	7/01/09-6/30/10	19,114	8,920			(8,920)					10,194
Supplemental Instruction	11-100-034-5120-066	7/01/10-6/30/11	14,244		14,244	(9,519)				4,725		9,519
Subtotal Special Revenue Fund				24,745	114,389	(101,134)	(26,147)	(8,702)		20,555	(8,702)	156,759
Enterprise Fund:												
State School Lunch Program	10-100-010-3350-023	7/01/09-6/30/10	5,019	(402)	402							5,019
State School Lunch Program	11-100-010-3350-023	7/01/10-6/30/11	3,933		3,933	(3,933)						3,933
Subtotal - Enterprise Fund				(402)	4,335	(3,933)						8,952
Debt Service Fund:												
Debt Service Aid Type II	11-100-034-5120-124	7/01/10-6/30/11	163,622		163,622	(163,622)						163,622
Total State Awards				\$ (1,001,172)	\$ 4,952,005	\$ (4,754,502)	\$ (26,147)	\$ (561,678)	\$ -0-	\$ 20,555	\$ (850,371)	\$ 8,669,110

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Pompton Lakes Borough School District under programs of the federal and state governments for the fiscal year ended June 30, 2011. The information in these schedules are presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net assets or cash flows of the District.

NOTE 2. BASIS OF ACCOUNTING

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the June state aid payments in the current budget year, which is mandated pursuant to P.L.2003, C.97.(A3521). For GAAP purposes, these payments are not recognized until the subsequent budget year due to the state deferral and recording of the June 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 revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$122,495 for the general fund and (\$36,969) for the special revenue fund (of which \$10,240 is for local assistance not included in this reconciliation). See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Non-Contributory Insurance and Post Retirement Contributions revenue of \$39,650 and \$842,170 respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented on the following page.

POMPTON LAKES BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 5,490,128	\$ 5,490,128
Special Revenue Fund	\$ 816,566	101,134	917,700
Debt Service Fund		163,622	163,622
Food Service Fund	<u>111,647</u>	<u>3,933</u>	<u>115,580</u>
Total Awards	<u>\$ 928,213</u>	<u>\$ 5,758,817</u>	<u>\$ 6,687,030</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

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

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

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any significant deficiencies or material weaknesses in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any significant deficiencies or material weaknesses in the internal controls of the District's major federal and state programs.
- An unqualified report was issued on the District's compliance for major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* and Federal OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*.
- The District's major programs for the current fiscal year consisted of the following awards:

<u>State:</u>	<u>C.F.D.A./</u> <u>Grant Number</u>	<u>Grant Period</u>	<u>Award</u> <u>Amount</u>	<u>Budgetary</u> <u>Expenditures</u>
Special Education				
Categorical Aid	11-495-034-5120-089	7/1/10-6/30/11	\$ 888,541	\$ 888,541
Equalization Aid	11-495-034-5120-078	7/1/10-6/30/11	2,056,696	2,056,696
Reimbursed TPAF Social				
Security Contributions	11-495-034-5095-002	7/1/10-6/30/11	987,600	987,600
 <u>Federal:</u>				
IDEA Basic	84.027	9/1/10-8/31/11	407,638	388,378
ARRA - IDEA Basic	84.391	9/1/09-8/31/11	405,829	304,937
IDEA Preschool	84.173	9/1/10-8/31/11	12,995	1,074
ARRA - IDEA Preschool	84.392	9/1/09-8/31/11	14,670	12,555

- The threshold for distinguishing Type A and Type B programs was \$300,000.
- The District qualified as a "low-risk" auditee under the provisions of section 530 of the Circular.

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

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs as defined in section 510(a) of the Circular.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular and New Jersey's OMB Circular NJOMB 04-04.

POMPTON LAKES BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

Status of Prior Year Findings:

The District had no prior year audit findings.