

BOROUGH OF
ROSELLE
SCHOOL DISTRICT

Borough of Roselle
Board of Education
County of Union
New Jersey

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

Borough of Roselle School District

**Borough of Roselle
Union County, New Jersey**

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

Prepared by
Business Office

Table of Contents (continued)

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1
Organizational Chart	10
Roster of Officials	11
Independent Auditors and Advisors	12
FINANCIAL SECTION	
Independent Auditors' Report	13
Required Supplementary Information – Part I	
Management's Discussion and Analysis	15
Basic Financial Statements	
Government-wide Financial Statements:	
A-1 Statement of Net Assets	24
A-2 Statement of Activities	25
Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	26
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	27
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Proprietary Funds:	
B-4 Statement of Fund Net Assets	29
B-5 Statement of Revenues, Expenses and Changes in Fund Net Assets	30
B-6 Statement of Cash Flows	31
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	32
B-8 Statement of Changes in Fiduciary Net Assets	33
Notes to the Basic Financial Statements	34

Table of Contents (continued)

	<u>Page</u>
FINANCIAL SECTION (continued)	
Required Supplementary Information – Part II	
Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule – General Fund (Budgetary-Basis)	58
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Not Applicable	N/A
C-1b Education Jobs Fund Program – Budget and Actual – Not Applicable	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund (Budgetary-Basis)	65
Note to Required Supplementary Information	
C-3 Budget to GAAP Reconciliation	66
Other Supplementary Information	
Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	67
E-2 Schedule of Preschool Education Program Aid Expenditures – Budgetary Basis	70
Capital Projects Fund:	
F-1 Summary Schedule of Project Revenues, Expenditures and Changes in Fund Balance-Budgetary Basis	71
F-1a- Schedule of Project Revenues, Expenditures, Project Balance and	
F-1m Project Status – Budgetary Basis	72
F-2 Summary Schedule of Project Expenditures	85
Enterprise Funds:	
G-1 Combining Statement of Fund Net Assets- Not Applicable	N/A
G-2 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets- Not Applicable	N/A
G-3 Combining Statement of Cash Flows- Not Applicable	N/A
Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Assets	86
H-2 Combining Statement of Changes in Fiduciary Net Assets	87
H-3 Schedule of Cash Receipts and Cash Disbursements – Student Activity Agency Fund	88
H-4 Schedule of Cash Receipts and Cash Disbursements – Payroll Agency Fund	89

Table of Contents (continued)

	Page
FINANCIAL SECTION (continued)	
Long-Term Debt:	
I-1 Schedule of Serial Bonds Payable – Not Applicable	N/A
I-2 Schedule of Obligations Under Capital Leases	90
I-3 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund – Not Applicable	N/A
 STATISTICAL SECTION (Unaudited)	
Financial Trends:	
J-1 Net Assets by Component	91
J-2 Changes in Net Assets	92
J-3 Fund Balances-Governmental Funds	94
J-4 Changes in Fund Balances, Governmental Funds	95
J-5 General Fund Other Local Revenue by Source	96
Revenue Capacity:	
J-6 Assessed Value and Actual Value of Taxable Property	97
J-7 Direct and Overlapping Property Tax Rates	98
J-8 Principal Property Taxpayers (Current Year and One Year Ago)	99
J-9 Property Tax Levies and Collections	100
Debt Capacity:	
J-10 Ratios of Outstanding Debt by Type	101
J-11 Ratios of Net General Bonded Debt Outstanding	102
J-12 Direct and Overlapping Governmental Activities Debt	103
J-13 Legal Debt Margin Information	104
Demographic and Economic Information:	
J-14 Demographic and Economic Statistics	105
J-15 Principal Employers (Current Year and Nine Years Ago)	106
J-16 Full-time Equivalent District Employees by Function/Program	107
Operating Information:	
J-17 Operating Statistics	108
J-18 School Building Information	109
J-19 Schedule of Required Maintenance for School Facilities	110
J-20 Insurance Schedule	111

Table of Contents (continued)

	<u>Page</u>
SINGLE AUDIT SECTION	
K-1 Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	113
K-2 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 OMB Circular 04-04	115
K-3 Schedule A – Schedule of Expenditures of Federal Awards	118
K-4 Schedule B – Schedule of Expenditures of State Financial Assistance	120
K-5 Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	121
K-6 Schedule of Findings and Questioned Costs	124
K-7 Summary Schedule of Prior Year Audit Findings	134

Introductory Section

Joseph E. Martino
Interim Superintendent of Schools
(908) 298-2040 x2041
Superintendent Office Fax (908) 298-3353
Personnel Office Fax (908) 620-1189

Roselle Public Schools
710 Locust Street
Roselle, New Jersey 07203

Dr. Kevin R. West
*Assistant Superintendent for
Curriculum and Instruction*
(908) 298-2040 x 2045
Fax (908) 298-6928

Luigi Campana
Business Administrator/Board Secretary
(908) 298-2040 x2036
Fax (908) 298-8794

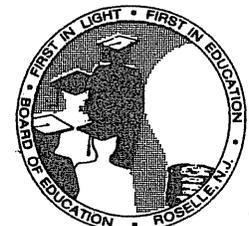
December 5, 2011

Honorable President and
Members of the Board of Education
Roselle Borough
Union County
Roselle, New Jersey 07203

Dear Board Members and Constituents:

The Comprehensive Annual Financial Report of the Roselle Borough School District (the "District") as of and for the 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 Roselle Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information at June 30, 2011 and the respective changes in financial position, and where applicable, cash flows for the year then ended. 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 (designed to complement Management's Discussion and Analysis and should be read in conjunction with it), the District's organizational chart, a list of principal officials and independent auditors and advisors. The Financial Section includes the basic financial statements and schedules and related footnotes, as well as the auditors' report thereon. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis and is unaudited. 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 Non-Profit Organizations" and the New Jersey OMB Circular 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments." Information related to this single audit, including the auditors' report on the internal control over compliance and on compliance with applicable laws and regulations and findings and recommendations, are included in the Single Audit Section of this report.



REPORTING ENTITY AND ITS SERVICES

The Roselle Borough School District is an independent reporting entity within the criteria adopted by the GASB. All funds of the District are included in this report. The Roselle Borough Board of Education and all its schools constitute the District's report entity.

The District provides a full range of educational services appropriate to grade level K through 12. These include regular as well as special education for handicapped youngsters beginning with Pre-K. The District completed the 2010-2011 year with an enrollment of 2,874 students, which is 1 additional student above the previous year's enrollment.

The following details the changes in the student enrollment of the District over the last ten years:

<u>Fiscal Year</u>	<u>Actual Student Enrollment</u>	<u>Percent Change</u>
2010/2011	2,874	0.03%
2009/2010	2,873	(4.39)
2008/2009	3,005	5.48
2007/2008	2,849	0.07
2006/2007	2,847	0.14
2005/2006	2,843	(1.25)
2004/2005	2,879	(1.17)
2003/2004	2,913	4.67
2002/2003	2,783	1.13
2001/2002	2,752	0.99

ECONOMIC CONDITION AND OUTLOOK

The Roselle Borough Board of Education is within the political jurisdiction of Union County, New Jersey. A comparison of unemployment rates between June 2010 and the end of the 2011 school fiscal year shows that conditions in the Union County area have not improved and the unemployment rate reached 9.7% in June 2011. The Union County area registered a higher unemployment rate than the rate for the country, the northeast and the State of New Jersey.

UNEMPLOYMENT RATES (Percentages)

	<u>June 2010</u>	<u>June 2011</u>
United States	9.5%	9.2%
North East	8.7%	8.1%
New Jersey	9.5%	9.2%
Newark/Union Counties	9.3%	9.7%

(Source: U.S. Dept. of Labor)

Complicating economic conditions is the foreclosure rate for home loans. There has been a steady increase of the foreclosure rate for home loans in the country since 2007. Since 2007, the foreclosure rate has increased by 2.59% compounding the existing economic problem with high unemployment rates.

TOTAL LOANS IN FORECLOSURE PROCESS (Percentages)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
United States	2.0%	3.3%	4.3%	4.6%

(Source: U.S. Census Bureau 2012 Statistical Abstracts)

The Union County area has also experienced a troubling foreclosure rate since 2007. From 2007 to 2008 there was an increase of 47% in home loans in the foreclosure process. The surge continued to increase to an additional 26% in 2009. While there was a decline in the number of home loan foreclosures in 2010, the overall home loan foreclosures are considered high and the economic situation in Union County is still concerning.

TOTAL LOANS IN FORECLOSURE PROCESS (Actual)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Union County	2,746	4,033	5,097	3,838

(Source: U.S. Census Bureau 2012 Statistical Abstracts)

The high rate of unemployment and the increasing number of home loans in foreclosure status would indicate that the rate of poverty in a given area will increase. It is not surprising to note that the percentage of students receiving free and reduced lunch has increased 6.49% from the 2008-2009 to the 2010-2011 school years.

PERCENTAGE OF STUDENT POPULATION RECEIVING FREE & REDUCED LUNCH

<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
65.17%	70.90%	71.66%

(Source: GENESIS Student Data Base System)

Given the concerns for the economic trends in Roselle and the local tax payers, the school district held the line in requesting a tax levy increase for education for school year 2010-2011. School year 2010-2011 marked the 3rd consecutive year that a 0% tax increase was incorporated in the development of the school budget and approved by the Board of Education.

INITIATIVES

A number of significant District-wide initiatives were implemented this school year in the areas of instruction and curriculum, professional development and planning for capital infrastructure improvements.

The hiring of an Assistant Superintendent (newly approved board staff position) allowed the school district to dedicate professional expertise in aligning the K to 12 curriculums to State of New Jersey core curriculum standards. Professional development for instructional staff incorporated the 1st Annual Principals' Leadership Institute at Kean University, a "Journey of Continuous Improvement: Strategies that Work" power-point for all District administrators, a power-point showing all administrators and teachers how to write Learning Objectives, NJCCCS, and CPIs correctly, a data wall procedure power-point and manual for all

Administrators and purchased PD360 (an online professional development program) to each school in the district in an effort to differentiate Professional Development training for staff and administrators in a more cost effective manner.

The School District competed for and was awarded a “School Improvement Grant” for Abraham Clark High School from the U.S. Department of Education. This multi-million dollar grant, over a three year period, focuses on reorganizing and implementing a transformational model that involved replacing the principal and a majority of teachers while imposing longer school days and years. To support this effort, the School District also discontinued the traditional long standing practice of allowing students to go off campus during the lunch period and installed double classroom trailers to function as extra cafeteria space to accommodate the increased student participation in the lunch program. Planning also went into motion to relocate for the 2011-2012 school year the long standing practice of housing the District’s 8th graders at the high school. In order to realize the relocation of the 8th graders the School District was also obligated to consider plans for a District-wide grade reconfiguration and the creation of a “Kindergarten Success Academy” as a stand-alone program to transition children into the School District.

The Special Services Department continued to implement initiatives to promote the principle of placing students in the “least restrictive environment” that provides students with disabilities the opportunity to be educated with general education students. To meet this expectation, the School District hired additional Special Services Instructional Staff with skill sets to develop in district expertise in meeting the needs of our most needy students. Initiatives funded through the U.S. Department of Education ARRA grant included Community Based Instruction to develop financial skills, verbal language skills, career vocational skills, recreation leisure skills, and personal management skills and a “Supported Employment” program to provide job experiences. In addition, an IPAD2 program was implemented that gave special needs students approximately 300 IPADs for verbal training and enhancement. Finally, 100 special needs students attended a “Union County College for Kids Program” in the spring and summer to take classes in building their own website, conquering math topics, building a business plan, weird science, and to prep for the N.J. ASK.

Summer school programs were expanded under Title I, Talent 21, Special Services and the Bilingual Department that resulted in an increase of students participating in summer instructional programs. The increase in participation of students in summer instructional programs allowed the District to offer and implement for the first time a food service “Seamless Summer Option Program” through the N.J. Department of Agriculture, Division of Child Nutrition (National School Lunch Program) that provided all summer school student participants and all Roselle School District students with free summer breakfast and lunch.

Planning and decision-making for Allocation #2 Department of Education Regular Operating District Grants for infrastructure improvements took place. Three major projects (renovation of the high school auditorium, renovation of high school science labs, and replacement of high school boiler) were advertised by the District architect for specifications and procurement and the Board approved contractors for all three major projects.

SERVICE EFFORTS AND ACCOMPLISHMENTS

During Year 1 of the federally funded “School Improvement Grant (SIG)” program, student achievement increased dramatically at Abraham Clark High School (ACHS). The target for the 2010-2011 school year was to reduce the percentage of students who score partially proficient and increase the number of students who are proficient on both the math and language arts portion of the exam by 10%. High School Proficiency Assessment (HSPA) results from the 2010-2011 school year reflect substantial gains: 53.3% of students scored proficient in the math section, up from 40.9% in the 2009-2010 school year. 79.6% of students scored proficient in language arts as compared with 61.9% in the previous school year. As a result, ACHS is out of status in language arts and made safe harbor in mathematics under “No Child Left Behind” federal legislation (NCLB). This marked the first time in eight years that ACHS is no longer designated under that status.

A parent and student leadership group was formed and worked hard to help develop the basis for rebranding ACHS as a high performing high school. At Your Service (SIG program) pushed that effort further by hosting focus groups and surveys tracking the progress made to improve the image of the school in the community. ACHS gained recognition when the SIG program and the transformational changes made were the subject of a 2 part promotional piece on NJN television. The local Rotary Chapter invited ACHS to present at a meeting and generously supported the school with a program later in the year for the students. Finally, IBM celebrated its 100th Birthday at ACHS with a day of service to expose students to the requirements of a changing workplace.

The Special Services Department continued to develop in District capacity and expertise to provide much needed services as opposed to maintaining the past practices of placing a large number of students out of district. The School District hired a significant number of additional instructional and service staff during the 2010-2011 school year for this purpose. The end result is that the District has reversed the trend (39% decreases from 08-09 to 10-11) of sending the majority of special needs students out of district since students can now be serviced in District and closer to home.

SPECIAL SERVICES OUT OF DISTRICT STUDENT PLACEMENT

<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
98	80	60

(Source: GENESIS Student Data Base System)

In March of 2011, the Department of Education (Dr. Renee Whelan), Division of Early Childhood, evaluated the Roselle Preschool Annex utilizing the Early Childhood Environment Rating Scale (ECERS). The ECERS is a standardized tool used for assessing the quality of early childhood programs. The ECERS consists of 43 items arranged in 7 categories that assess the quality of the early childhood environment: Space and furnishings, Personal care routines, Language and reasoning, Activities, Interactions, Program Structure,

and Provision for parents and staff. After three (3) hours of observation, the Roselle Preschool obtained a final score of 6.5 (on a scale of 1-7). The District's average score exceeded the average score in the State of New Jersey. We are very proud of the Staff of the Roselle Preschool for their hard work and dedication that made this achievement possible.

The INCLUDE grant, a three (3) funded initiative that ended in the 2010-2011 school year, provided Grace Wilday Jr. High School (GWJHS) with technological advances like laptops in math classes and a few interactive SMART boards in math classes. The classes also utilize iPods applications as differentiated activities to address the varied types of learners. The professional development provided to address the various types of learners in an inclusion setting has proven to be invaluable. The evidence was clear in our 2011 grade 6 New Jersey Assessment of Skills and Knowledge (NJASK) total population results when test scores jumped from 40.6% in 2010 to 59.3% in 2011.

The TALENT21 grant, another three (3) funded initiative that ended in the 2010-2011 school year, has allowed GWJHS to become one of the most technology advanced schools in New Jersey. Currently, there is an interactive board in every classroom. All grade 7 classrooms have 25 laptops present to support instruction. During the school year, all grade 6 students were allowed to take their laptops home. The grant also allowed the District to purchase Qwizdom responders, live scribe pens and document cameras. All of the tools have enhanced teacher's presentation strategies and captivated the students to increase engagement time. Moreover, the overwhelming professional development opportunities for our staff on project based learning has many of our students learning topics that make them more prepared for the real world.

The Harrison Elementary School bilingual program has been a model program for the past six years. Over fifty teachers from 20 school districts throughout New Jersey have visited Harrison Elementary School (to name a few: North and South Brunswick, Roselle Park, Summit, Rahway, Linden, Ridgefield, Maplewood-South Orange, Morristown, Franklin Township, Bridgewater and Asbury Park). During the 2010-2011 school year, the Roselle School District's bilingual program was chosen by the United States Department of Education to be a part of a national research project on the best and most effective programs in the country.

A concern of the School District was the out of district location (in Elizabeth, N.J.) for the Pre-School Handicapped Program and the Regular Pre-School program provided through contracted services. After years of attempting to house both programs under one location and develop an in-district pre-school program, the School District developed an in-district supervised program and relocated both programs (Pre-School Handicap and Regular Pre-School) to Shim's Academy in Roselle.

The School District does not have an in-district transportation operation. All transportation is contracted through the Union County Educational Services Commission. After a thorough review of the District's implementation of Board policies and state statutes on the assignment of transportation, student transportation is now assigned according to guidelines and the School District realized a 63% reduction in the number of students requiring transportation services.

DISTRICT REPORT OF TRANSPORTED RESIDENT STUDENTS (DRTRS)

	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
TOTAL	379	490	178

(Source: GENESIS Student Data Base System)

Finally, the School District completed the New Jersey Regular Operating District Department of Education Grant (N.J. ROD DOE Grants) for the Allocation #2 Roof Replacement project at Grace Wilday Jr. High School and received approval for an additional thirty (30) NJ ROD DOE infrastructure grants (Allocation #3) with a value of \$15,865,663 and a matching contribution of \$9,719,543 from the N.J. Schools Development Authority (SDA).

MAJOR OPERATIONAL OR FINANCIAL CONCERNS

The School District applied for competitive infrastructure improvement grants and was approved by the New Jersey Department of Education for a total of thirty (30) ROD DOE grants with a value of \$15,865,663 and a matching contribution of \$9,719,543 from the N.J. SDA. The school district must identify \$6,146,120 in order to execute grant agreement contracts for all 30 grants.

At the end of the 2010-2011 fiscal year, approximately \$2,000,000 of fund balance is restricted in the general fund for capital reserve and was identified for a portion of the required School District match. This match allows for some of the 30 projects to move forward towards the executed grant agreements and completion. The District must now identify another \$4,146,120 to complete the remaining 30 grants or face the possibility of losing the remaining matching SDA funding. This is extremely challenging for the District given the economic times. Strategic discussions on funding the remaining match requirement is now with the Board.

INTERNAL ACCOUNTING CONTROLS

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

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

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

BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The object 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 and the special revenue fund.

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

ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and government-wide financial statements. These funds and government-wide financial statements are explained in "Notes to the Financial Statements," Note 1.

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.

RISK MANAGEMENT

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

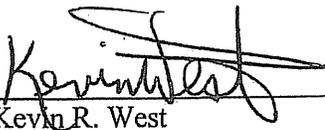
OTHER INFORMATION

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Wiss and Company, LLP was selected by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and New Jersey OMB Circular 04-04 OMB. The auditors’ report on the basic financial statements and combining and individual fund statements and schedules 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.

ACKNOWLEDGEMENTS

We would like to express our appreciation to the members of the Roselle 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 our financial and accounting staff.

Respectfully submitted,



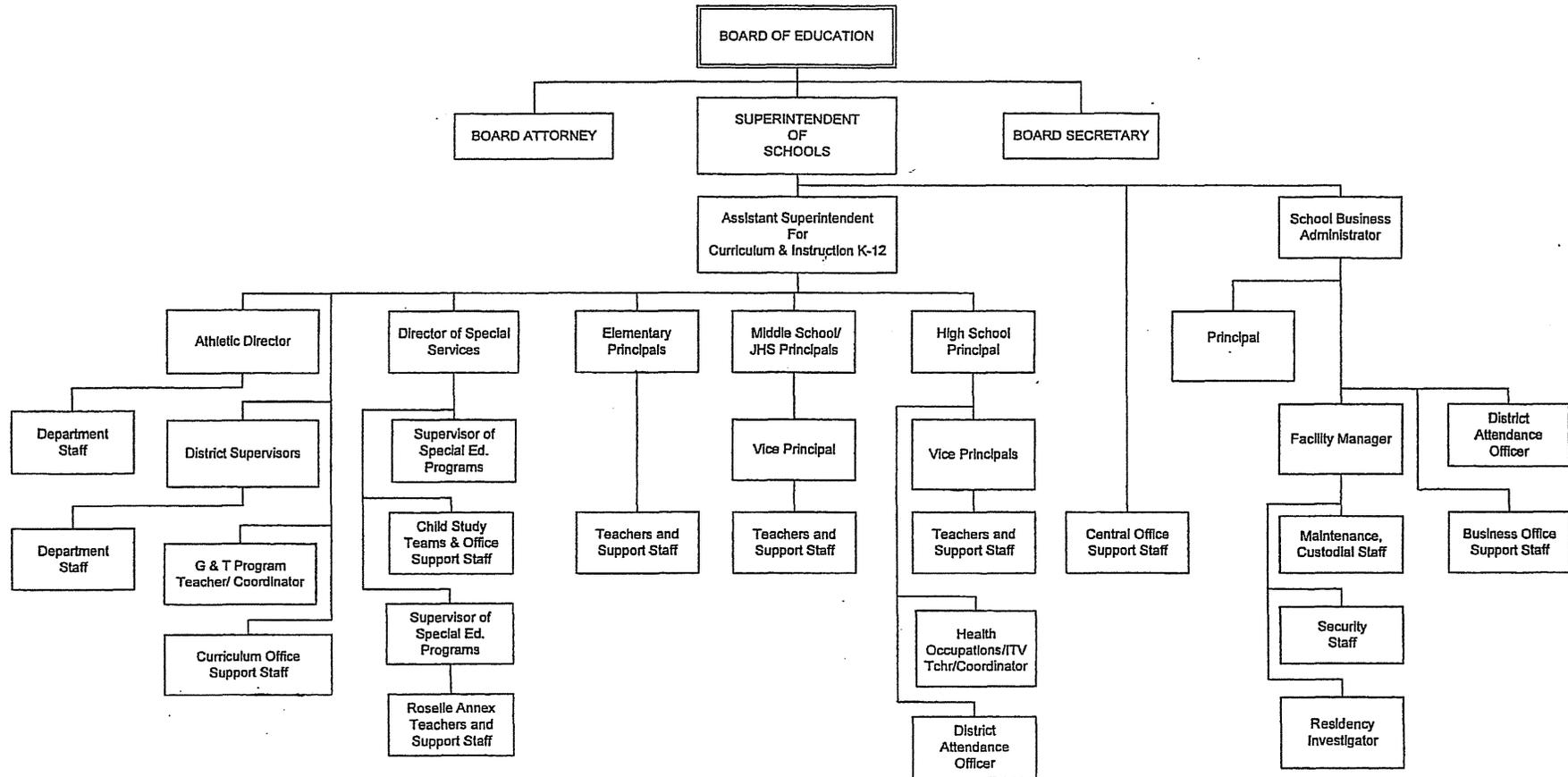
Dr. Kevin R. West
Superintendent of Schools



Luigi Campana
Business Administrator/Board Secretary

ROSELLE PUBLIC SCHOOLS
ROSELLE, NEW JERSEY

DISTRICT ORGANIZATIONAL CHART
2010/2011 SCHOOL YEAR



Prepared 12/15/10; Board Approved 1/10/11

Borough of Roselle School District
Union County, New Jersey

Roster of Officials

June 30, 2011

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Erik Cedano, President	2014
Shondalyn Gales, Vice-President	2012
Archange Antoine	2014
Reginald Atkins	2013
Anthony Esposito	2012
Donna Obe	2014
Celeste Sitarski	2013
Richard Villeda	2012
Carla Walker	2013

Other Officials

Dr. Joseph Martino, Interim Superintendent of Schools
Dr. Kevin West, Assistant Superintendent of Schools
Luigi Campana, School Business Administrator / Board Secretary
Richard J. Biddulph, Treasurer of School Monies

Borough of Roselle School District
Union County, New Jersey

Independent Auditors and Advisors

Independent Auditors

Wiss and Company, LLP
Iselin, New Jersey 08830

Attorneys

Adams, Stern, Gutierrez & Lattiboudere, LLC
Newark, New Jersey 07102

Weiner Lesniak, LLP
Parsippany, NJ 07054-0438

Official Depositories

TD Bank
Roselle Savings Bank

Financial Section



Independent Auditors' Report

Honorable President and
Members of the Board of Education
Borough of Roselle School District
Roselle, New Jersey
County of Union

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Roselle School District, County of Union, New Jersey (the "District"), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. 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, the business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2011 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

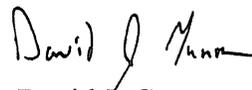
In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe

the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis and budgetary comparison information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 District's basic financial statements. The accompanying supplementary information, which consists of the introductory section, combining and individual fund financial statements, capital lease schedule and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and capital lease schedule have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



David J. Gannon

Licensed Public School Accountant
No. 2305



WISS & COMPANY, LLP

December 5, 2011
Iselin, New Jersey

Required Supplementary Information
Part I

Management's Discussion and Analysis

Borough of Roselle School District
Management's Discussion and Analysis
Year ended June 30, 2011
(Unaudited)

As management of the Borough of Roselle School District, we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented, in conjunction with additional information that we have furnished in our letter of transmittal.

Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain comparative information between the current fiscal year (2010-2011) and the prior fiscal year (2009-2010) is presented in the MD&A.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This document also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the assets and liabilities of the District, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The government-wide financial statements can be found on pages 24-25 of this report.

Fund financial statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, special revenue fund and capital projects fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund and special revenue fund. Budgetary comparison statements have been provided as required supplementary information for the general fund and special revenue fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 26 – 28 of this report.

Proprietary funds. The District maintains one proprietary fund type, which consists of two separate enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for the operations of its food service program and community school, both of which are considered to be major funds of the District. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 29 – 31 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District uses agency funds to account for resources held for student activities and groups, and payroll related liabilities. The District also uses a trust fund to account for a private purpose scholarship fund. The basic fiduciary fund financial statements can be found on pages 32 – 33 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 34 – 57 of this report.

Other information. The combining statements referred to earlier in connection with governmental funds and enterprise funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 58 – 90 of this report.

Financial Highlights

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets exceeded liabilities by \$13,758,105 at the close of 2011 and the District’s overall financial position has improved from the prior year. The following table provides a summary of net assets relating to the District’s governmental and business-type activities at June 30, 2011 and 2010:

Borough of Roselle School District Borough of Roselle, New Jersey

Net Assets

	June 30, 2011			June 30, 2010		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 9,805,291	\$ 289,411	\$ 10,094,702	\$ 10,097,900	\$ 319,045	\$10,416,945
Capital assets, net	6,900,882	119,261	7,020,143	6,247,721	73,462	6,321,183
Total assets	16,706,173	408,672	17,114,845	16,345,621	392,507	16,738,128
Current liabilities	2,012,103	3,554	2,015,657	3,975,875	37,274	4,013,149
Long-term liabilities outstanding	1,341,083		1,341,083	1,445,217		1,445,217
Total liabilities	3,353,186	3,554	3,356,740	5,421,092	37,274	5,458,366
Net assets:						
Invested in capital assets, net of related debt	6,777,011	119,261	6,896,272	6,033,927	73,462	6,107,389
Restricted	5,241,137		5,241,137	6,257,698		6,257,698
Unrestricted (deficit)	1,334,839	285,857	1,620,696	(1,367,096)	281,771	(1,085,325)
Total net assets	\$ 13,352,987	\$ 405,118	\$ 13,758,105	\$ 10,924,529	\$ 355,233	\$ 11,279,762

The largest portion of the District’s net assets is its investment in capital assets (e.g., construction-in progress, site improvements, buildings and improvements, and machinery and equipment), net of depreciation and less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District’s net assets represents resources that are subject to external restrictions on how they may be used, including a capital reserve balance of \$2,082,112 and an excess surplus balance of \$1,607,882. The remaining balance of unrestricted net assets reflects long-term obligations, such as compensated absences, that are not offset by any assets.

The total net assets of the District increased \$2,478,343 during the current fiscal year. The net increase is attributable mainly to the combination of the regeneration of surplus during 2010/11 in the District's general fund of \$1,387,734 as a result of budgetary position cuts and the recognition of \$1,119,568 of capital asset additions, less the decreases in total net assets resulting from the current year depreciation expense of \$421,655.

Current liabilities decreased by \$1,997,492 as a result of a decrease in accounts payable. The decrease is the result of the timing of when the last bill list was run at the end of the fiscal year.

District activities. The key elements of the District's changes in net assets for the years ended June 30, 2011 and 2010 are as follows:

**Borough of Roselle School District
Borough of Roselle, New Jersey**

**Changes in Net Assets
Year Ended**

	June 30, 2011			June 30, 2010		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services		\$ 320,549	\$ 320,549		\$ 264,770	\$ 264,770
Operating grants and contributions	\$ 5,378,726	1,178,441	6,557,167	\$ 5,725,552	1,010,075	6,735,627
Capital grants and contributions	421,246		421,246			
General revenues:						
Property taxes	23,438,800		23,438,800	23,438,800		23,438,800
Federal and state aid not restricted to specific purposes	24,842,450		24,842,450	20,877,266		20,877,266
Earnings on investments	39,999	3	40,002	42,573		42,573
Miscellaneous	101,600		101,600	100,127		100,127
Total revenues	54,222,821	1,498,993	55,721,814	50,184,318	1,274,845	51,459,163
Expenses:						
Instructional services	29,267,155		29,267,155	27,624,664		27,624,664
Support services	22,456,462		22,456,462	22,846,127		22,846,127
Special Schools	8,495		8,495	8,400		8,400
Charter Schools	62,251		62,251	45,111		45,111
Business-Type Activities		1,449,108	1,449,108		1,245,359	1,245,359
Total expenses	51,794,363	1,449,108	53,243,471	50,524,302	1,245,359	51,769,661
Increase (decrease) in net assets before transfers	2,428,458	49,885	2,478,343	(339,984)	29,486	(310,498)
Transfers				(37,424)	37,424	-
Change in net assets	2,428,458	49,885	2,478,343	(377,408)	66,910	(310,498)
Net assets – beginning	10,924,529	355,233	11,279,762	11,301,937	288,323	11,590,260
Net assets – ending	\$ 13,352,987	\$ 405,118	\$ 13,758,105	\$ 10,924,529	\$ 355,233	\$ 11,279,762

Governmental Activities

- Capital grants and contributions increased by approximately \$420,000 as a result of the District realizing the State share of revenues for amounts expended that are partially funded by State of New Jersey Schools Development Authority executed grant agreements for capital projects.
- Federal and state aid not restricted to a specific purpose increased approximately \$3,965,000 as a result of the District receiving an increase in general state aid from the State of New Jersey over the amounts received in the prior year.
- Instructional services expenses increased due to contractual obligations of teachers and other employees, as well as related benefits. The District was able to keep costs related to support services flat as a result of strict budgetary controls enforced during the fiscal year in order to keep discretionary spending to a minimum.

Business-Type Activities

- Charges for services increased from 2010 as a result of an increase in student and District participation in the food service lunch program.
- Revenues from Operating grants and contributions increased from 2010 due to increased participation in the free and reduced meal programs as well as an increase in the federal rate of reimbursement being offered to the District for meals served.
- Total expenses relating to the enterprise funds increased as a result of the increase in expenses for salaries and costs of sales relating to the food service enterprise fund which were required due to increase participation in the lunch program.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The District's fund balance amounts are classified as restricted, committed, assigned or unassigned.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund and Special Revenue Fund revenues for the fiscal year ended June 30, 2011, and the increases (decreases) in relation to the prior year.

Revenue	Amount	Percent of Total	Increase (Decrease) from 2010	Percent of Increase (Decrease)
Local sources	\$ 23,611,375	43.9%	\$ 9,532	0.0%
State sources	25,713,487	47.8	5,768,581	28.9
Federal sources	4,476,713	8.3	(2,160,856)	(32.6)
Total	\$ 53,801,575	100.0%	\$ 3,617,257	7.2%

The decrease in federal sources is mainly attributable to the reduction of one time federal funds awarded to the district in the prior year relating to American Recovery and Reinvestment Act stabilization aid of approximately \$3.8 million, partially offset by increased revenues recognized in the current year for federal grants awarded to the District that were either not available in the prior year or awarded in the prior year and the majority of the revenue was recognized in the current year as funds were expended.

The increase in state sources is mainly attributable to the increase in revenues from the state to partially offset the loss of prior year federal funding as well as an increase in general state aid to restore certain portions of general state aid reduced from the District in the prior year.

The following schedule presents a summary of General Fund and Special Revenue Fund expenditures for the fiscal year ended June 30, 2011 and the increases and decreases related to the prior year:

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2010	Percent of Increase (Decrease)
Current expenditures:				
Instruction	\$ 22,138,283	42.7%	\$ 1,443,109	7.0%
Undistributed expenditures	29,308,199	56.5	214,508	0.7
Capital outlay	344,872	0.7	(800,423)	(69.9)
Charter School	62,251	0.1	17,140	38.0
Special Schools	8,400	0.0	-	0.0
Total	\$51,862,005	100.0%	\$ 874,334	1.7%

The decrease in expenditures for capital outlay are the result of the District budgeting for and incurring expenditures for certain one-time capital related expenditures in the prior year that the District did not need to re-budget for again in the current year.

Capital Asset and Debt Administration

Capital Assets. The District has capital assets, net of accumulated depreciation, including construction in progress, school buildings, facilities, equipment and vehicles noted as follows at June 30, 2011 and 2010:

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Construction in Progress	\$ 438,430	\$ 437,416			\$ 438,430	\$ 437,416
Site Improvements	75,560	83,225			75,560	83,225
Buildings and buildings improvements	5,659,924	5,199,840			5,659,924	5,199,840
Machinery and Equipment	726,968	527,240	\$ 119,261	\$ 73,462	846,229	600,702
Total capital assets, net	\$ 6,900,882	\$ 6,247,721	\$ 119,261	\$ 73,462	\$ 7,020,143	\$ 6,321,183

For more detailed information, please refer to Note 4 to the basic financial statements.

Debt Administration. The District's long-term liabilities are as follows for the governmental activities at June 30, 2011 and 2010:

	Governmental Activities	
	2011	2010
Capital leases payable	\$ 123,871	\$ 213,794
Compensated absences	1,217,212	1,231,423
Total long-term liabilities	<u>\$ 1,341,083</u>	<u>\$ 1,445,217</u>

For more detailed information, please refer to Note 5 to the basic financial statements.

Economic Factors and Next Year's Budget

The Borough of Roselle Board of Education is financially stable. The School District is proud of the community support of its public schools. The District will continue to be financially sound through cost efficient and effective means in all areas.

The District continues to look to the future for a better way to fund public education. In addition, the Borough of Roselle School District has committed itself to financial excellence for many years. District's system of financial planning, budgeting and internal financial controls are well respected and the District intends to seek the certificate of excellence in financial reporting from International ASBO for the first time this year. The School District also plans to continue its sound fiscal management to meet the challenges of the future.

The District budgeted approximately \$1.2 million of its June 30, 2011 fund balance to partially fund the 2011/12 operations.

The District budgeted approximately \$790,000 in 2011/12 of federal Education Jobs Fund Money.

All of these factors were considered in preparing the District's budget for the 2012 fiscal year. The reduction and/or stabilization of state aid will make future budgets difficult.

General Fund Budgetary Highlights

The District budget is prepared according to New Jersey Statutes. The most significant budgeted fund is the general fund. During the fiscal year, there were several differences between the original budget and the final amended budget as a result of transfers being applied to certain line items. These transfers were made between line items as part of the normal budget process as permitted by State guidelines. Readers should refer to Section C of the financial report for comparisons between actual and budgeted amounts.

Described below are variations in revenues and expenditures for those line items where the modified budgeted amounts differed from the original budgeted amounts by a material amount.

Revenues

There were no revenue fluctuations between the original and modified budgets of a material nature.

Expenditures

- Special education instruction – resource room – salaries of teachers – an increase of \$210,357 was mainly attributable to the extra costs to the District associated with the increase of special educational students being brought back into the District.
- Undistributed instruction – tuition – other LEA’s within the state, regular - a decrease of \$695,400 was mainly attributable to the District being able to service more students in the District rather than sending them to other District’s within the State.
- Undistributed instruction – tuition – private schools for the handicapped within the state - a decrease of \$482,501 was mainly attributable to the District efforts to provide more specialized services to students within the District rather than having to send the students out-of-District.
- Undistributed instruction – other support services – students extra services – purchased professional educational services – an increase of \$215,000 was mainly attributed to the extra costs to the District associated with the increase of special educational students being brought back into the District.
- Undistributed instruction – student transportation services – contracted services (special education students) – joint agreements – a decrease of approximately \$250,000 was mainly attributable to the decrease in costs associated with the District being able to service more students in District rather than sending them out of District.
- Undistributed instruction – unallocated benefits – health benefits – a decrease of \$652,253 is the result of decrease of costs for health benefits due to several employee retirements and the District being able to secure a lower premium rate by competitively bidding the health benefits contract.
- Capital outlay – facilities acquisition and construction services – construction services – an increase of \$730,272 is mainly attributable to the District receiving county approval to transfer funds for additional construction projects the District anticipated to undertake during the fiscal year.

Described below are explanations for variations in revenues and expenditures for those lines where the modified budgeted amounts differ from the actual amounts by a material amount.

Revenues

There were no revenue fluctuations between the modified budgets and actual amounts of a material nature.

Expenditures

- Instruction – regular programs – salaries of teachers – grades 9-12 – unexpended appropriations of \$383,805 was mainly attribute to employee contract settlements resulting in less of a salary increase than anticipated when the budget was prepared.
- Undistributed instruction – instruction – tuition to other LEA’s within the state – regular – unexpended appropriations of \$362,016 was mainly attributable to the District being able to service more students in the District rather than sending them to other District’s within the State.

- Undistributed instruction – instruction – tuition for private schools for the handicapped within the state – unexpended appropriations of \$203,531 was mainly attributable to the District being able to service more students in the District rather than sending them to other District's within the State.
- Undistributed instruction – student transportation services – contracted services (between home and school – vendors) – unexpended appropriations of \$388,727 is mainly attributable to District eliminating certain courtesy busing practices.
- Undistributed instruction – student transportation services – contracted services (special education students) – joint agreements – unexpended appropriations of \$485,341 is mainly attributable to District being able to service more students in the District rather than having to send and transport them out of the District.
- Undistributed instruction – unallocated benefits – health benefits – unexpended appropriations of \$752,809 is mainly attributed to decline in costs resulting from several employee retirements after the budget was adopted and the District being able to secure a lower premium rate by competitively bidding the health benefits contract.
- Capital outlay – facilities acquisition and construction services – construction services – unexpended appropriations of \$1,009,893 is mainly attributable to the funds being encumbered since the District awarded several contracts for various construction projects that did not begin to after year end.

Requests for Information

This financial report is designed to provide a general overview of the Borough of Roselle School District finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School Business Administrator, 710 Locust Street, Roselle, NJ 07203.

This page left blank intentionally

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2011.

Borough of Roselle School District

Statement of Net Assets

June 30, 2011

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,657,685	\$ 191,742	\$ 2,849,427
Accounts receivable	5,039,557	104,744	5,144,301
Internal balances	25,937	(25,937)	-
Inventories		18,862	18,862
Restricted assets:			
Cash and cash equivalents	2,082,112		2,082,112
Capital assets, non-depreciable	438,430		438,430
Capital assets, depreciable, net	6,462,452	119,261	6,581,713
Total assets	<u>16,706,173</u>	<u>408,672</u>	<u>17,114,845</u>
Liabilities			
Accounts payable and other liabilities	764,693		764,693
Accrued liabilities	613,579		613,579
Intergovernmental liabilities	19,892		19,892
Unearned revenue	613,939	3,554	617,493
Current portion of long-term obligations	119,177		119,177
Noncurrent portion of long-term obligations	1,221,906		1,221,906
Total liabilities	<u>3,353,186</u>	<u>3,554</u>	<u>3,356,740</u>
Net Assets			
Invested in capital assets, net of related debt	6,777,011	119,261	6,896,272
Restricted for:			
Capital projects	1,551,143		1,551,143
Other purposes	3,689,994		3,689,994
Unrestricted	1,334,839	285,857	1,620,696
Total net assets	<u>\$ 13,352,987</u>	<u>\$ 405,118</u>	<u>\$ 13,758,105</u>

Borough of Roselle School District

Statement of Activities

Year ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities							
Instruction							
Regular instruction	\$ 19,816,588		\$ 2,919,188		\$ (16,897,400)		\$ (16,897,400)
Special education instruction	5,604,221				(5,604,221)		(5,604,221)
Other instruction	3,846,346				(3,846,346)		(3,846,346)
Support Services							
Tuition	4,369,280				(4,369,280)		(4,369,280)
Student and instruction related services	7,564,912		2,459,538		(5,105,374)		(5,105,374)
General administration services	1,148,364				(1,148,364)		(1,148,364)
School administration services	2,652,376				(2,652,376)		(2,652,376)
Central service / admin information technology	1,286,521				(1,286,521)		(1,286,521)
Plant operation and maintenance	4,008,830			\$ 421,246	(3,587,584)		(3,587,584)
Pupil transportation	1,426,179				(1,426,179)		(1,426,179)
Charter schools	62,251				(62,251)		(62,251)
Special schools	8,495				(8,495)		(8,495)
Total governmental activities	51,794,363	-	5,378,726	421,246	(45,994,391)		(45,994,391)
Business-type activities							
Food service	1,447,503	\$ 319,305	1,178,441			\$ 50,243	50,243
Community school	1,605	1,244				(361)	(361)
Total business-type activities	1,449,108	320,549	1,178,441			49,882	49,882
Total primary government	\$ 53,243,471	\$ 320,549	\$ 6,557,167	\$ 421,246	(45,994,391)	49,882	(45,944,509)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					23,438,800		23,438,800
Federal sources - unrestricted					119,475		119,475
State sources—unrestricted					24,722,975		24,722,975
Investment income					39,999	3	40,002
Miscellaneous					101,600		101,600
Total general revenues					48,422,849	3	48,422,852
Change in net assets					2,428,458	49,885	2,478,343
Net Assets—beginning of year					10,924,529	355,233	11,279,762
Net Assets—ending of year					\$ 13,352,987	\$ 405,118	\$ 13,758,105

See independent auditors' report and accompanying note to the basic financial statements.

Fund Financial Statements

Governmental Funds

Borough of Roselle School District
Balance Sheet
Governmental Funds
June 30, 2011

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	
ASSETS				
Cash and cash equivalents	\$ 1,485,106		\$ 1,172,579	\$ 2,657,685
Intergovernmental accounts receivable				
State	522,442	\$ 1,420	421,246	945,108
Federal	17,487	2,201,779		2,219,266
Local	1,875,104			1,875,104
Other accounts receivable	79			79
Interfunds receivable	1,519,866			1,519,866
Restricted cash and cash equivalents	2,082,112	-	-	2,082,112
Total Assets	<u>\$ 7,502,196</u>	<u>\$ 2,203,199</u>	<u>\$ 1,593,825</u>	<u>\$ 11,299,220</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 614,854	\$ 96,293	\$ 42,682	\$ 753,829
Accrued salaries and wages payable	595,251	18,328		613,579
Interfunds payable	10,864	1,493,929		1,504,793
Payable to federal government		195		195
Payable to state government		19,697		19,697
Deferred revenue	-	613,939	-	613,939
Total Liabilities	<u>1,220,969</u>	<u>2,242,381</u>	<u>42,682</u>	<u>3,506,032</u>
Fund Balances:				
Restricted for:				
Excess surplus - current year	1,607,882			1,607,882
Capital reserve	2,082,112			2,082,112
Capital projects			1,551,143	1,551,143
Assigned to:				
Designated for subsequent years expenditures	1,194,321			1,194,321
Other purposes	1,396,912			1,396,912
Unassigned fund balance reported In:				
Special revenue fund (deficit)	-	(39,182)	-	(39,182)
Total Fund Balances	<u>6,281,227</u>	<u>(39,182)</u>	<u>1,551,143</u>	<u>7,793,188</u>
Total Liabilities and Fund Balances	<u>\$ 7,502,196</u>	<u>\$ 2,203,199</u>	<u>\$ 1,593,825</u>	<u>\$ 11,299,220</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets are \$16,941,981 and the accumulated depreciation is \$10,041,099. 6,900,882

Long-term liabilities, including compensated absences and capital leases are not due and payable in the current period and therefore are not reported as liabilities in the funds. (1,341,083)

Net assets of governmental activities \$ 13,352,987

Borough of Roselle School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2011

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	
REVENUES				
Local sources:				
Local tax levy	\$ 23,438,800			\$ 23,438,800
Investment Income	39,999			39,999.0
Miscellaneous	<u>101,600</u>	<u>\$ 30,976</u>		<u>132,576</u>
Total - Local Sources	23,580,399	30,976		23,611,375
State sources	24,722,975	990,512	\$ 421,246	26,134,733
Federal sources	<u>119,475</u>	<u>4,357,238</u>	<u>-</u>	<u>4,476,713</u>
Total Revenues	<u>48,422,849</u>	<u>5,378,726</u>	<u>421,246</u>	<u>54,222,821</u>
EXPENDITURES				
Current:				
Regular instruction	12,418,157	2,919,188		15,337,345
Special education instruction	4,013,520			4,013,520
Other instruction	2,787,418			2,787,418
Support services and undistributed costs:				
Tuition	4,369,280			4,369,280
Student and instruction related services	4,099,767	2,459,538		6,559,305
General administration services	1,008,722			1,008,722
School administration services	1,898,552			1,898,552
Central services	651,770			651,770
Administrative information technology	305,868			305,868
Plant operation and maintenance	3,446,889			3,446,889
Pupil transportation services	1,406,969			1,406,969
Unallocated benefits and on-behalf TPAF social security and pension contributions	9,660,844			9,660,844
Charter schools	62,251			62,251
Special schools	8,400			8,400
Capital outlay	<u>344,872</u>	<u>-</u>	<u>689,653</u>	<u>1,034,525</u>
Total Expenditures	<u>46,483,279</u>	<u>5,378,726</u>	<u>689,653</u>	<u>52,551,658</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>1,939,570</u>	<u>-</u>	<u>(268,407)</u>	<u>1,671,163</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers in	135,828		423,738	559,566
Transfers (out)	<u>(423,738)</u>		<u>(135,828)</u>	<u>(559,566)</u>
Total Other Financing Sources and (Uses)	<u>(287,910)</u>	<u>-</u>	<u>287,910</u>	<u>-</u>
Net change in fund balances	1,651,660		19,503	1,671,163
Fund Balance (Deficit), July 1, 2010	<u>4,629,567</u>	<u>(39,182)</u>	<u>1,531,640</u>	<u>6,122,025</u>
Fund Balance (Deficit), June 30, 2011	<u>\$ 6,281,227</u>	<u>\$ (39,182)</u>	<u>\$ 1,551,143</u>	<u>\$ 7,793,188</u>

The reconciliation of the fund balances of governmental funds to the net assets of governmental activities in the statement of activities is presented in an accompanying schedule (B-3).

Borough of Roselle School District
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 Year Ended June 30, 2011

Total net change in fund balances - governmental funds (from B-2) \$ 1,671,163

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

Capital additions 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 asset additions exceeded depreciation expense in the period.

Capital additions	\$ 1,119,568	
Depreciation expense	<u>(421,655)</u>	697,913

Loss on disposal of capital assets (44,752)

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

Payment of Capital Lease Principal	89,923
------------------------------------	--------

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations and unused sick pay) 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 in the reconciliation (+).

14,211

Change in net assets of governmental activities (A-2) \$ 2,428,458

This page left blank intentionally

Proprietary Funds

Borough of Roselle School District
Proprietary Funds
Statement of Fund Net Assets
June 30, 2011

	<u>Major Funds</u>		<u>Totals</u>
	<u>Food Service</u>	<u>Community School</u>	
Assets			
Current assets:			
Cash and cash equivalents	\$ 191,591	\$ 151	\$ 191,742
Accounts receivable:			
State	2,614		2,614
Federal	102,130		102,130
Inventories	18,862		18,862
Total current assets	<u>315,197</u>	<u>151</u>	<u>315,348</u>
Capital assets:			
Machinery and equipment	333,854		333,854
Accumulated depreciation	<u>(214,593)</u>		<u>(214,593)</u>
Total capital assets, net	<u>119,261</u>	<u>-</u>	<u>119,261</u>
Total assets	<u>434,458</u>	<u>151</u>	<u>434,609</u>
Liabilities			
Current liabilities:			
Unearned Revenue	3,554		3,554
Interfund Payable	25,935	2	25,937
Total current liabilities	<u>29,489</u>	<u>2</u>	<u>29,491</u>
Net Assets			
Invested in capital assets	119,261		119,261
Unrestricted	285,708	149	285,857
Total net assets	<u>\$ 404,969</u>	<u>\$ 149</u>	<u>\$ 405,118</u>

Borough of Roselle School District
 Proprietary Funds
 Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Year Ended June 30, 2011

	Major Funds		Totals
	Food Service	Community School	
Operating revenues:			
Local sources:			
Daily food sales-reimbursable programs:			
School lunch program	\$ 307,947		\$ 307,947
Miscellaneous	11,358	\$ 1,244	12,602
Total operating revenues	<u>319,305</u>	<u>1,244</u>	<u>320,549</u>
Operating expenses:			
Salaries	497,707	1,534	499,241
Employee benefits	114,468		114,468
Cost of sales	735,612		735,612
Management fee	48,615		48,615
Other purchased services	28,540		28,540
Depreciation	16,966		16,966
Miscellaneous	5,595	71	5,666
Total operating expenses	<u>1,447,503</u>	<u>1,605</u>	<u>1,449,108</u>
Operating (loss)	(1,128,198)	(361)	(1,128,559)
Nonoperating revenues:			
State sources:			
School lunch program	18,901		18,901
Federal sources:			
School breakfast program	206,052		206,052
School lunch program	856,572		856,572
Fresh fruit and vegetable program	24,955		24,955
Food donation program	71,961		71,961
Interest on Investments		3	3
Total nonoperating revenues	<u>1,178,441</u>	<u>3</u>	<u>1,178,444</u>
Change in net assets	50,243	(358)	49,885
Total net assets-beginning	354,726	507	355,233
Total net assets-ending	<u>\$ 404,969</u>	<u>\$ 149</u>	<u>\$ 405,118</u>

Borough of Roselle School District
Proprietary Funds
Statement of Cash Flows
Year Ended June 30, 2011

	Major Funds		Totals
	Food Service	Community School	
Cash flows from operating activities			
Receipts from customers	\$ 319,305	\$ 1,244	\$ 320,549
Payments to employees	(497,707)	(1,534)	(499,241)
Payments for employee benefits	(114,468)		(114,468)
Payments to suppliers	(838,849)	(71)	(838,920)
Net cash (used in) operating activities	<u>(1,131,719)</u>	<u>(361)</u>	<u>(1,132,080)</u>
Cash flows from noncapital financing activities			
Cash received from state and federal reimbursements	1,102,560		1,102,560
Receipts from food donation program	75,515		75,515
Net cash provided by noncapital financing activities	<u>1,178,075</u>	<u>-</u>	<u>1,178,075</u>
Cash flows from investing activities			
Interest Earnings		3	3
Net cash provided by investing activities	<u>-</u>	<u>3</u>	<u>3</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets	(62,765)		(62,765)
Net cash (used in) capital and related financing activities	<u>(62,765)</u>	<u>-</u>	<u>(62,765)</u>
Net (decrease) in cash and cash equivalents	(16,409)	(358)	(16,767)
Cash and cash equivalents, beginning of year	208,000	509	208,509
Cash and cash equivalents, end of year	<u>\$ 191,591</u>	<u>\$ 151</u>	<u>\$ 191,742</u>
Reconciliation of operating (loss) to net cash (used in) operating activities:			
Operating (loss)	\$ (1,128,198)	\$ (361)	\$ (1,128,559)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:			
Depreciation	16,966		16,966
(Increase) in inventory	(9,150)		(9,150)
(Decrease) in accounts payable	(11,337)		(11,337)
Net cash (used in) operating activities	<u>\$ (1,131,719)</u>	<u>\$ (361)</u>	<u>\$ (1,132,080)</u>

Noncash Noncapital financing activities

The District Received \$75,515 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2011.

This page left blank intentionally

Fiduciary Funds

Borough of Roselle School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Private Purpose Scholarship Fund	Agency Fund
ASSETS		
Cash and cash equivalents	\$ 198,517	\$ 408,276
Interfund receivable	-	10,864
Total Assets	<u>198,517</u>	<u>\$ 419,140</u>
LIABILITIES		
Payroll deductions and withholdings payable		\$ 296,319
Due to student groups		122,821
Total Liabilities		<u>\$ 419,140</u>
NET ASSETS		
Held in trust for scholarships	<u>\$ 198,517</u>	

BOROUGH OF ROSELLE SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended June 30, 2011

	Private Purpose Scholarship Fund
ADDITIONS	
Contributions	\$ 5,000
Investment earnings	<u>810</u>
Total Additions	<u>5,810</u>
DEDUCTIONS	
Scholarships awarded	10,600
Miscellaneous	<u>2,732</u>
Total Deductions	<u>13,332</u>
Change in Net Assets	<u>(7,522)</u>
Net Assets—beginning of the year	<u>206,039</u>
Net Assets—end of the year	<u>\$ 198,517</u>

Borough of Roselle School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies

The financial statements of the Borough of Roselle School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The District, as the primary government for financial reporting entity purposes, has oversight responsibility and control over all activities related to the Borough of Roselle School District in the Borough of Roselle, New Jersey. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The District has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Borough of Roselle School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The New Jersey Department of Education requires all governmental funds be reported as major to promote consistency among school districts in the State of New Jersey.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Borough of Roselle School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and capital leases are recorded only when payment is due.

Property taxes, interest, and state equalization monies associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year.

The District has reported the following major governmental funds:

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

Special Revenue Fund: The District maintains one special revenue fund, which includes the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes, other than capital projects.

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

Borough of Roselle School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

The District reports the following major proprietary funds:

Food Service Enterprise Fund: The food service fund accounts for all revenues and expenses pertaining to 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.

Community School Enterprise Fund: The community school fund accounts for all revenues and expenses in the operation of the community school similar to a private business enterprise.

Additionally, the District reports the following fund types:

Fiduciary funds of the District include the private purpose scholarship trust fund and agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. The following is a description of the fiduciary funds of the District.

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Trust Funds: The private purpose scholarship fund is accounted for in essentially the same manner as governmental funds. The private purpose scholarship fund is utilized to provide scholarships to students and to account for the related transactions.

Agency Funds (Payroll and Student Activity Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

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

Borough of Roselle School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

The District reports deferred (unearned) revenue on its balance sheet. Deferred (unearned) revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred (unearned) revenue also arises when resources are received by the District before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred (unearned) revenue is removed from the balance sheet and revenue is recognized.

Ad Valorem (Property) taxes are susceptible to accrual as, under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." The County Board of Taxation is responsible for the assessment of properties and the Borough Tax Collector is responsible for collection of taxes. Assessments are certified and taxes are levied on January 1; taxes are due February 1, May 1, August 1 and November 1. Unpaid taxes are considered delinquent the following January 1 and are then subject to lien.

Borough of Roselle School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue 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 and the special revenue fund uses a non-GAAP budget (budgetary basis). 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 referred in N.J.A.C. 6A:23. The overexpenditure in the general fund is due to the inclusion of the non-budgeted on behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary overexpenditures. All budget amendments must be approved by School Board resolution. Budget amendments were made during the year ended June 30, 2011 and were not significant.

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

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

E. Interfund Receivables/Payables

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.

Borough of Roselle School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

F. Inventories

Inventories, which benefit future periods, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. At June 30, 2011, the unused Food Donation Program commodities of \$3,554 are reported as unearned revenue.

G. Capital Assets

Capital assets, which include property, plant and equipment, land and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair value on the date of donation. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Property, plant and equipment of the District is depreciated using the straight line method. The following estimated useful lives are used to compute depreciation:

	<u>Years</u>
School Buildings	50
Building Improvements	20
Electrical / Plumbing	30
Vehicles	8
Office / Computer Equipment	10
Instructional Equipment	10
Grounds Equipment	15

Borough of Roselle School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

H. Compensated Absences

A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. The District uses the "vesting method" for estimating its accrued sick and vacation leave liability. District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the District is recorded in the government-wide financial statements and includes salary related payments.

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, a liability existed for compensated absences in the government-wide financial statements in the amount of \$1,217,212 and no liability existed for compensated absences in the proprietary fund types.

I. Deferred Revenue

Deferred revenue in the special revenue fund represents cash received from federal, state and local grants, which has been received but not yet earned and outstanding encumbrances.

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

Borough of Roselle School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

K. Net Assets

Net assets represent the difference between assets and liabilities in the government-wide financial statements. 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 long-term debt used to build or acquire the capital assets. Net assets are reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

L. Fund Balances

In February 2009, the GASB issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"). GASB 54 is effective for periods beginning after June 15, 2010 and 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. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

- 1) Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
- 2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- 3) Committed - includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.
- 4) Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
- 5) Unassigned - includes all spendable amounts not contained in the other classifications.

Borough of Roselle School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

Of the \$6,281,227 of fund balances in the General Fund, \$2,550,305 of encumbrances is included with the unassigned deficit of \$1,153,393 and reported together as assigned for other purposes, \$2,082,112 has been classified as restricted for capital reserve, \$1,607,882 has been restricted for excess surplus – current year, \$1,194,321 has been classified as assigned fund balance designated for subsequent years expenditures. Of the fund balances in the Capital Projects Fund, \$1,551,143 is restricted for capital projects

M. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

N. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey social security and post-retirement medical pension contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the District's annual budget.

P. Calculation of Excess Surplus

The designation for reserved fund balance -- excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The District has excess fund balance at the end of the 2010-2011 fiscal year in the amount of \$1,607,882, which will be designated in the 2012-2013 budget.

Borough of Roselle School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

Q. Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2011 through December 5, 2011, the date that the financial statements are issued and the effects of those that provide additional pertinent information about conditions that existed at the balance sheet date, have been recognized in the accompanying financial statements.

Additionally, it was identified that, effective July 1, 2011, the District entered into a five year operating lease agreement for the purpose of renting space to be utilized for additional District classrooms and administrative space for a Kindergarten Academy for eligible children residing in the Borough of Roselle.

R. Reclassification

Certain amounts previously reported have been reclassified to conform to the current year presentation.

2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including capital leases and compensated absences payable are not due and payable in the current period and therefore are not reported in the funds. The details of this \$1,341,083 are as follows:

Capital leases payable	\$ 123,871
Compensated absences	<u>1,217,212</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net assets – governmental activities	<u>\$ 1,341,083</u>

Borough of Roselle School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

3. Deposits and Investments

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

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." 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 and are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. 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.

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

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey that 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.

Borough of Roselle School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

3. Deposits and Investments (continued)

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.

Operating cash accounts are held in the District's name by several commercial banking institutions. At June 30, 2011 the carrying amount of the District's deposits was \$5,538,332 and the bank balance was \$9,882,022. Of the bank balance, \$287,852 of the District's cash deposits on June 30, 2011 was secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the remaining bank balance of \$9,594,170.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

The District does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by the financial institution, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Borough of Roselle School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

3. Deposits and Investments (continued)

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

- a. Bonds and other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank, which have a maturity date not greater than twelve months from the date of purchase.
- c. New Jersey Cash Management Fund, New Jersey Asset and Rebate Management Fund and MBIA CLASS.

As of June 30, 2011, the District's had no amounts invested in these types of securities.

4. Capital Assets

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

	Beginning Balance	Increases	Retirements /Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 437,416	\$ 453,239	\$ (452,225)	\$ 438,430
Total capital assets, not being depreciated	437,416	453,239	(452,225)	438,430
Capital assets, being depreciated:				
Site improvements	105,750			105,750
Building and building improvements	10,554,442	282,551	407,473	11,244,466
Machinery and equipment	4,769,557	383,778		5,153,335
Total capital assets being depreciated	15,429,749	666,329	407,473	16,503,551
Less accumulated depreciation for:				
Site improvements	22,525	7,665		30,190
Building and building improvements	5,354,602	229,940		5,584,542
Machinery and equipment	4,242,317	184,050		4,426,367
Total accumulated depreciation	9,619,444	421,655		10,041,099
Total capital assets, being depreciated, net	5,810,305	244,674	407,473	6,462,452
Governmental activities capital assets, net	\$ 6,247,721	\$ 697,913	\$ (44,752)	\$ 6,900,882

Borough of Roselle School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

4. Capital Assets (continued)

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

Regular instruction	\$ 172,803
Special education instruction	45,219
Other instruction	31,405
Student and instruction related services	73,902
General administration services	11,365
School administration services	21,390
Central services	7,343
Administrative information technology	3,446
Plant operation and maintenance	38,835
Pupil transportation	15,852
Special schools	95
Total depreciation expense – governmental activities	\$ 421,655

The following is a summarization of the business-type activities changes in capital assets for the fiscal year ended June 30, 2011:

	Beginning Balance	Increases	Ending Balance
Business-type activities:			
Capital assets, being depreciated:			
Equipment and vehicles	\$ 271,089	\$ 62,765	\$ 333,854
Less accumulated depreciation for:			
Equipment and vehicles	197,627	16,966	214,593
Total business-type activities capital assets, net	\$ 73,462	\$ 45,799	\$ 119,261

Borough of Roselle School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

5. Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Compensated absences payable	\$ 1,231,423	\$ 69,906	\$ 84,117	\$ 1,217,212	\$ 42,902
Obligations under capital leases	213,794		89,923	123,871	76,275
Governmental activities long-term liabilities	\$ 1,445,217	\$ 69,906	\$ 174,040	\$ 1,341,083	\$ 119,177

As of June 30, 2011, the District had \$-0- in bonds authorized but not issued.

Capital Leases Payable

The District is leasing various photocopying equipment, under capital leases. The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net future minimum lease payments at June 30, 2011:

	Total
Fiscal year:	
2012	\$ 89,998
2013	50,025
Total minimum lease payment	140,023
Less amount representing interest	(16,152)
Present value of net future minimum lease payments	\$ 123,871

All capital leases outstanding are presented on schedule I-2 in this report.

Assets capitalized through capital leases at June 30, 2011 are as follows:

Machinery and equipment	\$ 441,744
Less accumulated depreciation	(317,873)
Total	\$ 123,871

Borough of Roselle School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

6. Pension Plans

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund Retirement System 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 related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Early retirement is available for these systems to those employees under age 55 participating in TPAF or PERS with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

Public Employee's Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available for these systems to those employees under age 55 participating

Borough of Roselle School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

6. Pension Plans (continued)

in TPAF or PERS with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

During the year ended June 30, 2011, the State of New Jersey contributed \$1,127,821 to the TPAF for post-retirement medical benefits and other pension costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,576,728 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the government-wide and fund financial statements.

The Board's actuarially determined contributions to PERS for each of the years ended June 30, 2011, 2010 and 2009 was \$415,067, \$332,553, and \$284,511, respectively, equal to the required contributions for each year.

Borough of Roselle School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

6. Pension Plans (continued)

Post-Retirement Benefits

Plan Description

The District contributes to the New Jersey State Health Benefits Program (the "SHBP"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

Funding Policy

P.L. 1987, chapter 384 and P.L. 1990, chapter 6 required Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, chapter 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010 there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

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

Borough of Roselle School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

6. Pension Plans (continued)

The State will set the contribution rate based on the *annual required contribution of the employers* (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2011, 2010 and 2009 were \$1,077,110, \$1,076,380, and \$1,104,791 respectively, which equaled the required contributions for each year. The State's contributions to the SHBP Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

7. Interfund Receivables and Payables

The total interfund receivables and payables for the District at June 30, 2011 amounted to \$1,530,730 analyzed as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 1,519,866	\$ 10,864
Special Revenue		1,493,929
Enterprise Fund - Food Service		25,935
Enterprise Fund – Community Day School		2
Payroll Agency Fund	10,864	
	<u>\$ 1,530,730</u>	<u>\$ 1,530,730</u>

The interfund receivable in the general fund represent amounts loaned to the special revenue fund to eliminate a pooled cash deficit as well as amounts disbursed on-behalf of the enterprise funds not reimbursed as of the end of the fiscal year. The interfund payable in the general fund represents employee withholdings not transferred to the payroll agency account at year end.

All interfund balances are expected to be liquidated within one year.

8. Economic Dependency

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

Borough of Roselle School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

9. Contingent Liabilities

The District is a defendant in several legal proceedings that are in various stages of litigation. In the opinion of management and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the District.

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at June 30, 2011 may be impaired. In addition, the District is receiving funding from the New Jersey Schools Development Authority (NJSDA), in connection with its capital projects. The costs associated with the funding received from the NJSDA are subject to final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the District has not complied with the rules and regulations governing the NJSDA funds or has not met the final eligible requirements, refunds of any money received may be required and the collectibility of any related receivable at June 30, 2011 may be impaired.

In the opinion of the District's management, there are no significant contingent liabilities relating to compliance with rules and regulations or final eligible cost requirements governing the respective grants or funding; therefore, no provisions have been recorded in the accompanying basic financial statements for such contingencies.

10. Risk Management

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

Property and Liability Insurance

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds and does not retain risk of loss. There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverages over the past three years. A complete schedule of insurance coverage can be found in the statistical section of this report.

Borough of Roselle School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

10. Risk Management (continued)

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Liability Method." Under this plan, the District is required calculate and pay the amount required on a quarterly basis based upon rates as determined by the New Jersey Department of Labor. The District accounts for these funds in the Agency Fund.

11. Transfers – Reconciliation

	<u>In</u>	<u>Out</u>
General Fund	\$ 135,828	\$ 423,738
Capital Projects Fund	423,738	135,828
	<u>\$ 559,566</u>	<u>\$ 559,566</u>

The transfer from the capital projects fund to the general fund represents the return of unexpended capital outlay funds transferred to the capital project fund in the prior year to fund the local share of an approved project.

The transfer from the general fund capital reserve to the capital projects fund represents the local share portion for projects that have received approved funding from the New Jersey Schools Development Authority.

12. Deferred Compensation Plans

The Board offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by Citistreet, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

Borough of Roselle School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

13. Deficit Fund Balances –Special Revenue Fund (GAAP Basis)

The District has a deficit fund balance of \$39,182 in the Special Revenue Fund as of June 30, 2011 as reported in the fund statements (modified accrual basis). For budget purposes only, 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, in the current 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, expenditures, 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 last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last two state aid payments, the Special Revenue Fund fund balance deficit does not alone indicate that the District is facing financial difficulties. Pursuant to P.L. 2003, c.97, any negative unassigned fund balance that is reported as a direct result from the delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP funds statements does not exceed the last state aid payments.

14. Capital Reserve Account

A capital reserve account was established by the Borough of Roselle School District in the amount of \$2,705,474 in the 2002-2003 school year for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by the transfer by Board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g)

Borough of Roselle School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

14. Capital Reserve Account (continued)

the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRF. P.

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	\$	505,850
Increases:		
Deposit by June 2011 Resolution		2,000,000
Decreases:		
Transfer to Capital Projects Fund		<u>(423,738)</u>
Ending balance, June 30, 2011	\$	<u>2,082,112</u>

The June 30, 2011 LRF. P. balance of local support costs of uncompleted capital projects exceeded the amount in the capital reserve.

Cash and cash equivalents associated with the capital reserve are reflected in the financial statements as restricted.

15. Commitments

The District has contractual commitments at June 30, 2011 to various vendors, which are recorded as part of the assigned to other purposes in the general fund in the amount of \$2,550,305.

There were \$2,180,034 of contractual commitments at June 30, 2011 to vendors related to the ongoing construction projects that is included in restricted for capital projects in the capital projects fund.

Required Supplementary Information
Part II
Budgetary Comparison

Borough of Roselle School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2011

	Adopted Budget	Budget Transfers/ Adjustments	Modified Budget	Actual	Variance Favorable/ (Unfavorable)
REVENUES					
Local Sources:					
Local Tax Levy	\$ 23,438,800		\$ 23,438,800	\$ 23,438,800	
Miscellaneous	60,000		60,000	141,599	\$ 81,599
Total Revenues - Local Sources	<u>23,498,800</u>		<u>23,498,800</u>	<u>23,580,399</u>	<u>81,599</u>
State Sources:					
Categorical Special Education Aid	1,577,275		1,577,275	1,577,275	
Equalization Aid	19,726,048		19,726,048	19,726,048	
Extraordinary aid	400,000		400,000	451,177	51,177
On-behalf TPAF Pension Contribution (non-budgeted)				1,127,821	1,127,821
Reimbursed TPAF Social Security Contribution (non-budgeted)				1,576,728	1,576,728
Total Revenues - State Sources	<u>21,703,323</u>		<u>21,703,323</u>	<u>24,459,049</u>	<u>2,755,726</u>
Federal Sources:					
Medicaid Reimbursement	100,727		100,727	119,475	18,748
Total Revenues - Federal Sources	<u>100,727</u>		<u>100,727</u>	<u>119,475</u>	<u>18,748</u>
Total Revenues	<u>45,302,850</u>		<u>45,302,850</u>	<u>48,158,923</u>	<u>2,856,073</u>
EXPENDITURES					
Current Expenses:					
Instruction - Regular programs:					
Salaries of teachers:					
Preschool/Kindergarten	577,440		577,440	521,781	55,659
Grades 1-5	3,776,002	\$ 85,303	3,861,305	3,810,584	50,721
Grades 6-8	2,506,671	44,024	2,550,695	2,420,647	130,048
Grades 9-12	4,169,021	(1,984)	4,167,037	3,783,232	383,805
Regular Programs - Home Instruction:					
Salaries of Teachers	124,623		124,623	50,894	73,729
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction		150,388	150,388	142,951	7,437
Purchased Professional - Educational services	76,925	36,772	113,697	81,561	32,136
Other Purchased Services	3,300	210,725	214,025	187,615	26,410
General Supplies	701,529	155,865	857,394	774,336	83,058
Textbooks	334,508	113,818	448,326	407,189	41,137
Other Objects	223,504	24,860	248,364	237,367	10,997
Total Regular Programs	<u>12,493,523</u>	<u>819,771</u>	<u>13,313,294</u>	<u>12,418,157</u>	<u>895,137</u>
Special Education Programs:					
Learning and/or Language Disabilities:					
Salaries of Teachers	1,216,712	3,869	1,220,581	1,126,651	93,930
Other Salaries for Instruction	712,242		712,242	710,671	1,571
Other Purchased Services	5,000	(3,869)	1,131	541	590
General Supplies	20,833	17,493	38,326	31,165	7,161
Textbooks	1,000	(1,000)			
Total Learning and/or Language Disabilities	<u>1,955,787</u>	<u>16,493</u>	<u>1,972,280</u>	<u>1,869,028</u>	<u>103,252</u>
Multiple Disabilities:					
Salaries of Teachers	54,961		54,961	54,829	132
Other Salaries for Instruction	35,065		35,065	33,861	1,204
General Supplies	55,000	50,690	105,690	99,752	5,938
Total Multiple Disabilities	<u>145,026</u>	<u>50,690</u>	<u>195,716</u>	<u>188,442</u>	<u>7,274</u>

Borough of Roselle School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2011

	Adopted Budget	Budget Transfers/ Adjustments	Modified Budget	Actual	Variance Favorable/ (Unfavorable)
Resource Room/Resource Center:					
Salaries of Teachers	\$ 1,522,614	\$ 210,357	\$ 1,732,971	\$ 1,706,007	\$ 26,964
General Supplies	2,000	2,000	4,000	4,000	
Total Resource Room/Resource Center	1,524,614	212,357	1,736,971	1,710,007	26,964
Autism Disabilities:					
Salaries of Teachers	177,427	35,526	212,953	212,953	
Other Salaries for Instruction	22,870		22,870	22,870	
General supplies	7,972	3,115	11,087	9,231	1,856
Textbooks	1,844	(625)	1,219	989	230
Total Autism Disabilities	210,113	38,016	248,129	246,043	2,086
Total Special Education	3,835,540	317,556	4,153,096	4,013,520	139,576
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	838,267	(72,812)	765,455	731,162	34,293
Total Basic Skills/Remedial-Instruction	838,267	(72,812)	765,455	731,162	34,293
Bilingual Education:					
Salaries of Teachers	882,855	(9,003)	873,852	872,972	880
Other Salaries for Instruction	348,236	16,075	364,311	362,524	1,787
Purchased Professional - Educational services	3,800	(500)	3,300	240	3,060
General Supplies	16,430	957	17,387	14,582	2,805
Textbooks	7,758	(634)	7,124	6,046	1,078
Other Objects	3,850	2,038	5,888	5,313	575
Total Bilingual Education	1,262,929	8,933	1,271,862	1,261,677	10,185
School Sponsored Athletics:					
Salaries	353,327		353,327	290,412	62,915
Supplies and Materials	115,740	(7,538)	108,202	107,083	1,119
Other Objects	34,851	(8,500)	26,351	26,103	248
Total School Sponsored Athletics	503,918	(16,038)	487,880	423,598	64,282
Other Instructional Programs:					
Salaries	146,704		146,704	138,879	7,825
Purchased Services	15,000	7,341	22,341	20,612	1,729
Supplies and Materials	14,290	1,595	15,885	9,397	6,488
Other Objects	14,421	(7,602)	6,819	5,589	1,230
Total Other instructional Programs	190,415	1,334	191,749	174,477	17,272
Before/After School Program:					
Salaries	112,024		112,024	80,407	31,617
Other Saleries of Instruction	24,762		24,762	20,893	3,869
Total Before/After School Program	136,786	-	136,786	101,300	35,486
Other Supplemental/At-Risk Program:					
Salaries	120,470		120,470	95,204	25,266
Total Other Supplemental/At Risk Program	120,470	-	120,470	95,204	25,266
Total - Instruction	19,381,848	1,058,744	20,440,592	19,219,095	1,221,497

Borough of Roselle School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2011

	Adopted Budget	Budget Transfers/ Adjustments	Modified Budget	Actual	Variance Favorable/ (Unfavorable)
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEAs within State - Special	\$ 2,356,965	\$ (695,400)	\$ 1,661,565	\$ 1,299,549	\$ 362,016
Tuition - County Vocational School Districts-Regular	438,000	68,000	506,000	506,000	
Tuition - County Vocational School Districts-Special	43,000	35,000	78,000	75,250	2,750
Tuition - Private Schools for handicapped within the State	2,897,817	(482,501)	2,415,316	2,211,785	203,531
Tuition - State Facilities	276,696		276,696	276,696	
Total Undistributed Expenditures - Instruction	6,012,478	(1,074,901)	4,937,577	4,369,280	568,297
Attendance and Social Work Services:					
Salaries	110,432		110,432	108,120	2,312
Other Purchased Services	38,980	13,434	52,414	42,414	10,000
Supplies and Materials	500	(500)			
Other Objects	450		450	450	
Total Attendance and Social Work Services	150,362	12,934	163,296	150,984	12,312
Health Services:					
Salaries	400,288	55,454	455,742	423,676	32,066
Purchased Professional and Technical Services	67,129	1,105	68,234	28,757	39,477
Supplies and Materials	10,000	1,253	11,253	11,253	
Other Objects	1,290		1,290	999	291
Total Health Services	478,707	57,812	536,519	464,685	71,834
Other Support Services - Students - Related Services:					
Salaries	534,779	(24,000)	510,779	422,042	88,737
Supplies and Materials	800	18	818	804	14
Total Other Support Services - Students-Related Services	535,579	(23,982)	511,597	422,846	88,751
Other Support Services - Students Extra Services:					
Purchased Professional - Educational Services	445,000	215,000	660,000	610,032	49,968
Total Other Support Services - Students Extra Services	445,000	215,000	660,000	610,032	49,968
Other Support Services - Students - Regular (Guidance):					
Salaries of Other Professional Staff	663,066		663,066	577,974	85,092
Salaries of Secretarial and Clerical Assistants	96,156	(5,000)	91,156	60,205	30,951
Other Salaries	107,253		107,253	102,805	4,448
Purchased Professional - Educational Services	10,000	5,001	15,001	4,652	10,349
Other Purchased Professional and Technical Services	72,475	2,659	75,134	75,134	
Other Purchased Services	750	(606)	144	144	
Supplies and Materials	9,375	(5,465)	3,910	3,910	
Other Objects	1,000		1,000		1,000
Total Other Support Services - Students - Regular (Guidance)	960,075	(3,411)	956,664	824,824	131,840
Other Support Services - Students - Special Services (CST):					
Salaries of Other Professional Staff	701,164		701,164	660,185	40,979
Salaries of Secretarial and Clerical Assistants	145,627		145,627	141,172	4,455
Other Salaries	95,858	1,451	97,309	92,688	4,621
Other Purchased Professional and Technical Services	6,749		6,749	6,749	
Miscellaneous Purchased Services	38,270	(1,369)	36,901	30,889	6,012
Supplies and Materials	42,267	15,619	57,886	57,886	
Other Objects	4,920	11,437	16,357	8,550	7,807
Total Other Support Services - Students - Special Services (CST)	1,034,855	27,138	1,061,993	998,119	63,874

Borough of Roselle School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2011

	Adopted Budget	Budget Transfers/ Adjustments	Modified Budget	Actual	Variance Favorable/ (Unfavorable)
Improvement of Instructional Services:					
Salaries of Other Professional Staff	\$ 74,356	\$ 30,000	\$ 104,356	\$ 40,494	\$ 63,862
Salaries of Secretarial and Clerical Assistants	36,190	(5,134)	31,056	31,056	
Other Salaries	150,808	(42,392)	108,416	56,257	52,159
Purchased Professional - Educational Services	4,610		4,610	4,610	
Other Purchased Prof. & Tech. Services	57,640	58,864	116,504	106,056	10,448
Other Purchased Services	4,020		4,020		4,020
Supplies and Materials	60,580	19,525	80,105	77,710	2,395
Total Improvement of Instructional Services	388,204	60,863	449,067	316,183	132,884
Educational Media Services/School Library:					
Salaries	153,600	(36,400)	117,200	71,261	45,939
Salaries of Technolgy Coordinators	92,833		92,833	42,767	50,066
Other Purchased Services	15,038		15,038	13,063	1,975
Supplies and materials	197,789	(58,884)	138,905	121,290	17,615
Total Educational Media Services /School Library	459,260	(95,284)	363,976	248,381	115,595
Instructional Staff Training Services:					
Salaries	28,156	7,875	36,031	36,029	2
Other Purchased Services	83,650	(35,093)	48,557	27,684	20,873
Total Instructional Staff Training Services	111,806	(27,218)	84,588	63,713	20,875
Support Services - General Administration:					
Salaries	324,915	(1,272)	323,643	321,035	2,608
Legal Services	140,000	198,256	338,256	331,838	6,418
Audit Fees	48,300	(1,475)	46,825	46,825	
Communications/Telephone	114,000	2,468	116,468	115,548	920
BOE Other Purchased Services	20,000	319	20,319	19,838	481
Other Purchased Services	75,310	24,401	99,711	97,898	1,813
General Supplies	20,096	5,592	25,688	22,703	2,985
Miscellaneous Expenditures	25,707	16,722	42,429	31,473	10,956
BOE Membership Dues and Fees	23,099	(1,500)	21,599	21,564	35
Total Support Services General Administration	791,427	243,511	1,034,938	1,008,722	26,216
Support Services School Administration:					
Salaries of Principals/Asst. Principals	1,298,546		1,298,546	1,239,313	59,233
Salaries of Secretarial and clerical Assistants	586,600	23,878	610,478	593,735	16,743
Supplies and Materials	59,019	6,739	65,758	65,504	254
Total Support Services School Administration	1,944,165	30,617	1,974,782	1,898,552	76,230
Support Services Central Services:					
Salaries	564,334	28,100	592,434	563,417	29,017
Miscellaneous Purchased Services	97,713	13,480	111,193	59,677	51,516
Supplies and Materials	12,500	846	13,346	13,076	270
Interest on Lease Purchase Agreements	24,620	3,780	28,400	15,600	12,800
Total Support Services Central Services	699,167	46,206	745,373	651,770	93,603
Support Services Admin. Info Technology:					
Salaries	250,872		250,872	232,673	18,199
Other Purchased Services	39,400	46,577	85,977	73,195	12,782
Total Support Services Admin. Info Technology	290,272	46,577	336,849	305,868	30,981

Borough of Roselle School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2011

	Adopted Budget	Budget Transfers/ Adjustments	Modified Budget	Actual	Variance Favorable/ (Unfavorable)
Required Maintenance for School Facilities:					
Salaries	\$ 105,277		\$ 105,277	\$ 93,219	\$ 12,058
Cleaning, Repair and Maintenance Services	127,185	\$ 1,298	128,483	128,286	197
General Supplies	43,000	874	43,874	43,874	
Total Required Maintenance for School Facilities	275,462	2,172	277,634	265,379	12,255
Other Operations & Maintenance of Plant:					
Salaries	653,800	107,637	761,437	750,638	10,799
Purchased Professional and Technical Services	479,468	10,086	489,554	479,225	10,329
Cleaning, Repair and Maintenance Services	187,665	103,974	291,639	270,847	20,792
Rental of Land & Building Other than Lease Purchase Agreement	650,752	(8,972)	641,780	419,532	222,248
Insurance	183,082	(27,829)	155,253	151,455	3,798
Miscellaneous Purchased Services	1,500		1,500		1,500
General Supplies	86,300	50,665	136,965	135,993	972
Energy (Electricity)	290,421	7,802	298,223	248,096	50,127
Energy Natural (Gas)	413,000		413,000	386,119	26,881
Total Other Operations & Maintenance of Plant	2,945,988	243,363	3,189,351	2,841,905	347,446
Care & Upkeep of Grounds:					
Salaries	116,212	(17,100)	99,112	91,070	8,042
Cleaning, Repair and Maintenance Services	20,000		20,000	19,882	118
General Supplies	15,000	1,366	16,366	15,964	402
Total Care & Upkeeps of grounds	151,212	(15,734)	135,478	126,916	8,562
Security:					
Salaries	183,484	30,000	213,484	212,689	795
Total Security	183,484	30,000	213,484	212,689	795
Student Transportation Services:					
Management Fee - ESC & CTSA Transportation Program	89,685		89,685	47,144	42,541
Contracted Services (between home and school - vendors)	752,322		752,322	363,595	388,727
Contracted Services (other than between home and school)- vendors	141,050	39,300	180,350	156,962	23,388
Contracted Services (special education students) - Joint Agreements	1,574,609	(250,000)	1,324,609	839,268	485,341
Total Student Transportation Services	2,557,666	(210,700)	2,346,966	1,406,969	939,997
Unallocated Benefits:					
Social Security Contributions	330,091	176,500	506,591	463,178	43,413
Other Retirement Contributions-Regular	503,735	(88,000)	415,735	415,067	668
Unemployment Compensation	63,000	33,754	96,754	96,734	20
Workers Compensation	219,488	(16,400)	203,088	195,134	7,954
Health Benefits	7,091,214	(652,253)	6,438,961	5,686,152	752,809
Tuition Reimbursement	87,417		87,417	82,430	4,987
Other Employee Benefits	151,967	(50,000)	101,967	17,600	84,367
Total Unallocated Benefits	8,446,912	(596,399)	7,850,513	6,956,295	894,218
On-behalf TPAF Pension Contributions (non-budgeted)				1,127,821	(1,127,821)
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,576,728	(1,576,728)
Total Undistributed Expenditures	28,862,081	(1,031,436)	27,830,645	26,848,661	981,984
TOTAL EXPENDITURES - CURRENT EXPENSE	48,243,929	27,308	48,271,237	46,067,756	2,203,481

Borough of Roselle School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2011

	Adopted Budget	Budget Transfers/ Adjustments	Modified Budget	Actual	Variance Favorable/ (Unfavorable)
CAPITAL OUTLAY					
Equipment:					
Kindergarten	\$ 2,000	\$ (2,000)			
Grades 1-5	5,000	42,055	\$ 47,055	\$ 580	\$ 46,475
Grades 6-8	8,270	(8,270)			
Grades 9-12	23,423	(18,323)	5,100	5,100	
Undistributed Instruction	70,000	(55,111)	14,889	14,889	
General Administration	1,500	(1,500)			
Central Services	20,000	50,000	70,000		70,000
School Administration	1,500	(1,500)			
Custodial Services	20,000	95,126	115,126	17,943	97,183
Care and Upkeep of Grounds	15,000	(8,500)	6,500	6,465	35
Total Equipment	166,693	91,977	258,670	44,977	213,693
Facilities Acquisition and Construction Services:					
Architectural / Engineering Services	20,000	30,000	50,000	38,976	11,024
Construction Services	412,255	730,272	1,142,527	132,634	1,009,893
Other Objects	19,366		19,366	19,366	
Lease Purchase Agreements	130,439	131,130	261,569	108,919	152,650
Total Facilities Acquisition and Construction Services	582,060	891,402	1,473,462	299,895	1,173,567
TOTAL CAPITAL OUTLAY	748,753	983,379	1,732,132	344,872	1,387,260
SPECIAL SCHOOLS					
Adult Education - Local - Instruction					
Salaries	8,736		8,736	8,400	336
Total Adult Education - Local - Instruction	8,736		8,736	8,400	336
TOTAL SPECIAL SCHOOLS	8,736		8,736	8,400	336
Transfer of Funds to Charter Schools	54,972	11,864	66,836	62,251	4,585
TOTAL TRANSFER TO CHARTER SCHOOLS	54,972	11,864	66,836	62,251	4,585
Total Expenditures	49,056,390	1,022,551	50,078,941	46,483,279	3,595,662
(Deficiency) Excess of Revenues (Under) Over Expenditures	(3,753,540)	(1,022,551)	(4,776,091)	1,675,644	6,451,735
Other Financing (Uses) Sources					
Capital Reserve - Transfer to Capital Projects fund	(505,850)		(505,850)	(423,738)	82,112
Transfers In				135,828	135,828
Total Other financing (Uses) Sources	(505,850)	-	(505,850)	(287,910)	217,940
(Deficiency) Excess of Revenues and other Financing (uses) sources (Under) over Expenditures and Other Expenditures and other Financing (uses) sources	(4,259,390)	(1,022,551)	(5,281,941)	1,387,734	(6,669,675)
Fund Balances, July 1	6,982,112		6,982,112	6,982,112	
Fund Balances, June 30	\$ 2,722,722	\$ (1,022,551)	\$ 1,700,171	\$ 8,369,846	\$ (6,669,675)
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing (uses) sources					
Budgeted Fund Balance	\$ (4,259,390)		\$ (4,259,390)	\$ 2,410,285	\$ (6,669,675)
Adjustment for Prior Year Encumbrances		\$ (1,022,551)	(1,022,551)	(1,022,551)	
Total	\$ (4,259,390)	\$ (1,022,551)	\$ (5,281,941)	\$ 1,387,734	\$ (6,669,675)

Borough of Roselle School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2011

	Adopted Budget	Budget Transfers/ Adjustments	Modified Budget	Actual	Variance Favorable/ (Unfavorable)
Recapitulation of Fund Balances:					
Restricted Fund Balance:					
Excess Surplus-current year				\$ 1,607,882	
Capital Reserve				2,082,112	
Assigned to:					
Year End Encumbrances				2,550,305	
Designated for Subsequent Year's Expenditures				1,194,321	
Unassigned Fund Balance				<u>935,226</u>	
				8,369,846	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not recognized on GAAP basis				<u>(2,088,619)</u>	
Fund Balance per Governmental Funds (GAAP)				<u><u>\$ 6,281,227</u></u>	

BOROUGH OF ROSELLE SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS

Year ended June 30, 2011

	Original Budget	Budget Transfers / Amendments	Final Budget	Actual	Variance Final to Actual
REVENUES					
State Sources	\$ 801,118	\$ 221,752	\$ 1,022,870	\$ 990,512	\$ 32,358
Federal Sources	3,351,193	2,338,671	5,689,864	4,212,088	1,477,776
Local Sources	19,593	14,354	33,947	30,976	2,971
Total Revenues	\$ 4,171,904	\$ 2,574,777	\$ 6,746,681	\$ 5,233,576	\$ 1,513,105
EXPENDITURES					
Instruction:					
Salaries of Teachers	\$ 1,315,630	\$ (332,562)	\$ 983,068	\$ 815,121	\$ 167,947
Other Salaries for Instruction	312,496	16,879	329,375	325,956	3,419
Purchased Professional - Educational Services	118,532	114,131	232,663	187,827	44,836
Other Purchased Services	318,784	40,259	359,043	318,347	40,696
General Supplies	37,316	1,294,332	1,331,648	1,083,161	248,487
Textbooks	56,052	(9,444)	46,608	46,137	471
Other Objects	2,000	10,528	12,528	4,238	8,290
Total Instruction	2,160,810	1,134,123	3,294,933	2,780,787	514,146
Support Services:					
Salaries of Supervisors of Instruction	92,981	(22,781)	70,200	70,200	
Salaries of Program Directors	169,311	4,358	173,669	152,445	21,224
Salaries of Other Professional Staff	270,340	325,076	595,416	408,418	186,998
Salaries of Secretarial & Clerical Assistant	54,000	28,705	82,705	39,423	43,282
Other Salaries	77,411	60,826	138,237	89,408	48,829
Personal Services - Employee Benefits	332,709	151,436	484,145	299,854	184,291
Purchased Professional - Educational Services	639,527	506,284	1,145,811	859,629	286,182
Rentals	1,289	9,765	11,054	8,016	3,038
Other Purchased Services	96,925	1,042	97,967	58,569	39,398
Travel	7,906	3,827	11,733	10,607	1,126
Supplies and Materials	13,628	154,334	167,962	85,688	82,274
Miscellaneous Expenditures	7,820	84,802	92,622	4,075	88,547
Total Support Services	1,763,847	1,307,674	3,071,521	2,086,332	985,189
Facilities Acquisition and Construction Services:					
Instructional Equipment	247,247	132,980	380,227	366,457	13,770
Total Facilities Acquisition and Construction Services	247,247	132,980	380,227	366,457	13,770
TOTAL EXPENDITURES	4,171,904	2,574,777	6,746,681	5,233,576	1,513,105
Excess (deficiency) of Revenues Over (under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Recapitulation To GAAP:					
Last state aid payments not recognized on GAAP Basis				\$ (39,182)	
Fund Balance per Governmental Special Revenue Fund (GAAP) (B-2)				<u>\$ (39,182)</u>	

Borough of Roselle School District
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2011

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the Budgetary Comparison Schedule (C-1, C-2)	\$ 48,158,923	\$ 5,233,576
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year		(398,811)
Prior Year (Net of Cancellations)		543,961
State aid payment from prior year recognized in prior year for budgetary purposes, and recognized for GAAP purposes in the current fiscal year.	2,352,545	39,182
State aid payments recognized for budgetary purposes, not recognized for GAAP purposes.	(2,088,619)	(39,182)
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (B-2)	\$ 48,422,849	\$ 5,378,726
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule (C-1, C-2)	\$ 46,483,279	\$ 5,233,576
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are recognized as expenditures for budgetary purposes but are not presented as expenditures for GAAP financial reporting purposes.		
Current Year		(398,811)
Prior Year (Net of Cancellations)		543,961
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 46,483,279	\$ 5,378,726

This page left blank intentionally

Special Revenue Fund
Budgetary Statements

Borough of Roselle School District
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Year Ended June 30, 2011

	Chapter 192			Chapter 193								Title I	
	Preschool Education Aid	Non-Public Textbooks	Non-Public Nursing	Transportation	English As A Second Language	Compensatory Education	Home Instruction	Supplementary Instruction	Examination & Classification	Corrective Speech	Personalized Student		
REVENUES													
Federal sources													\$ 477,965
State sources	\$ 589,178	\$ 46,137	\$ 55,227	\$ 18,215	\$ 8,538	\$ 139,740	\$ 4,280	\$ 55,864	\$ 58,048	\$ 7,902	\$ 7,383		
Local Sources													
Total Revenues	<u>\$ 589,178</u>	<u>\$ 46,137</u>	<u>\$ 55,227</u>	<u>\$ 18,215</u>	<u>\$ 8,538</u>	<u>\$ 139,740</u>	<u>\$ 4,280</u>	<u>\$ 55,864</u>	<u>\$ 58,048</u>	<u>\$ 7,902</u>	<u>\$ 7,383</u>	<u>\$ 477,965</u>	
EXPENDITURES													
Instruction:													
Salaries of Teachers	\$ 250,764											\$ 1,099	\$ 248,272
Other Salaries for Instruction	90,636												
Purchased Professional - Educational Services												800	111,714
Other Purchased Services				\$ 18,215	\$ 8,538	\$ 139,740	\$ 4,280	\$ 55,864	\$ 58,048	\$ 7,902			
General Supplies	168,473											305	2,263
Textbooks		\$ 46,137											
Other Objects													
Total Instruction	<u>509,873</u>	<u>46,137</u>		<u>18,215</u>	<u>8,538</u>	<u>139,740</u>	<u>4,280</u>	<u>55,864</u>	<u>58,048</u>	<u>7,902</u>	<u>2,204</u>	<u>362,249</u>	
Support services:													
Salaries of Supervisors of Instruction												1,000	28,092
Salaries of Program Directors													
Salaries of Other Professional Staff													
Salaries of Secretarial and Clerical Assistant													
Other Salaries												500	
Personal Services - Employee Benefits	79,305												42,786
Purchased Professional-Educational Services			\$ 55,227										42,719
Rental													472
Other Purchased Services												277	720
Travel												343	
Supplies and Materials												3,059	927
Miscellaneous Expenditures													
Total Support Services	<u>79,305</u>		<u>55,227</u>								<u>5,179</u>	<u>115,716</u>	
Facilities Acquisition and Const. Services													
Instructional Equipment													
Total Facilities Acquisition and Const. Services													
Total expenditures	<u>\$ 589,178</u>	<u>\$ 46,137</u>	<u>\$ 55,227</u>	<u>\$ 18,215</u>	<u>\$ 8,538</u>	<u>\$ 139,740</u>	<u>\$ 4,280</u>	<u>\$ 55,864</u>	<u>\$ 58,048</u>	<u>\$ 7,902</u>	<u>\$ 7,383</u>	<u>\$ 477,965</u>	

Borough of Roselle School District
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Year Ended June 30, 2011

	Title I Carryover	Title I Sch. Imp. Carryover	Title II - Part A	Title II - Part A Carryover	Title III	Title III Carryover	I.D.E.A. Part B Basic	I.D.E.A. Part B Basic Carryover	I.D.E.A. Part B Preschool	I.D.E.A. Part B Preschool Carryover	ARRA - IDEA	ARRA - Title I SIA
REVENUES												
Federal sources	\$ 10,522	\$ 60,305	\$ 90,936	\$ 360	\$ 43,939	\$ 11,496	\$ 825,449	\$ 15,661	\$ 24,232	\$ 2,849	\$ 641,816	\$ 5,548
State sources												
Local Sources												
Total Revenues	\$ 10,522	\$ 60,305	\$ 90,936	\$ 360	\$ 43,939	\$ 11,496	\$ 825,449	\$ 15,661	\$ 24,232	\$ 2,849	\$ 641,816	\$ 5,548
EXPENDITURES												
Instruction:												
Salaries of Teachers		\$ 11,805	\$ 48,806	\$ 60	\$ 25,371	\$ 11,496	\$ 124,065	\$ 9,108			\$ 5,081	
Other Salaries for Instruction							235,313	7				
Purchased Professional - Educational Services											39,300	
Other Purchased Services											1,940	
General Supplies		2,798			1,151		6,196		\$ 5,564	\$ 2,849	430,013	
Textbooks												
Other Objects		391					887				1,933	
Total Instruction		14,994	48,806	60	26,522	11,496	366,461	9,115	5,564	2,849	478,267	
Support services:												
Salaries of Supervisors of Instruction												
Salaries of Program Directors		6,223										
Salaries of Other Professional Staff							263,586	6,546	13,837		80,756	
Salaries of Secretarial and Clerical Assistant												
Other Salaries		838										
Personal Services - Employee Benefits		2,990	3,793		2,515		98,244		3,854		4,634	\$ 148
Purchased Professional-Educational Services	\$ 10,000		36,945		14,902		97,158				45,735	
Rental											6,678	
Other Purchased Services	50	7,927	1,392	300					977		25,746	
Travel												
Supplies and Materials	472	27,333										499
Miscellaneous Expenditures												
Total Support Services	10,522	45,311	42,130	300	17,417		458,988	6,546	18,668		163,549	647
Facilities Acquisition and Const. Services												
Instructional Equipment												4,901
Total Facilities Acquisition and Const. Services												4,901
Total expenditures	\$ 10,522	\$ 60,305	\$ 90,936	\$ 360	\$ 43,939	\$ 11,496	\$ 825,449	\$ 15,661	\$ 24,232	\$ 2,849	\$ 641,816	\$ 5,548

Borough of Roselle School District
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Year Ended June 30, 2011

	ARRA - Talent21	ARRA - Title I	ARRA - IDEA Pre-School	ARRA - School Improvement Grant	Include	Include C/O	Perkins	Safety Grant	Other Local	Total
REVENUES										
Federal sources	\$ 732,110	\$ 72,197	\$ 9,232	\$ 893,846	\$ 192,080	\$ 76,403	\$ 25,142			\$ 4,212,088
State sources										990,512
Local Sources								\$ 22,432	\$ 8,544	30,976
Total Revenues	\$ 732,110	\$ 72,197	\$ 9,232	\$ 893,846	\$ 192,080	\$ 76,403	\$ 25,142	\$ 22,432	\$ 8,544	\$ 5,233,576
EXPENDITURES										
Instruction:										
Salaries of Teachers	\$ 44,239	\$ 18,538	\$ 2,515		\$ 10,332		\$ 3,570			\$ 815,121
Other Salaries for Instruction										325,956
Purchased Professional - Educational Services	7,500	26,513			2,000					187,827
Other Purchased Services	15,815						8,005			318,347
General Supplies	281,013	1,304		\$ 126,887	36,583	\$ 995	8,223		\$ 8,544	1,083,161
Textbooks										46,137
Other Objects		566					461			4,238
Total Instruction	348,567	46,921	2,515	126,887	48,915	995	20,259		8,544	2,780,787
Support services:										
Salaries of Supervisors of Instruction	70,200									70,200
Salaries of Program Directors	45,757	11,195		20,946	32,409	6,823				152,445
Salaries of Other Professional Staff	8,979			31,225	3,150	339				408,418
Salaries of Secretarial and Clerical Assistant	36,953			2,470						39,423
Other Salaries	45,486			38,683	3,901					89,408
Personal Services - Employee Benefits	32,452	2,035	1,380	18,421	6,590		707			299,854
Purchased Professional-Educational Services	93,993	11,160	4,737	321,410	67,103	36,108		\$ 22,432		859,629
Rental		266	600							8,016
Other Purchased Services	14,895	450			1,740	667	3,428			58,569
Travel	2,844			293	3,222	3,905				10,607
Supplies and Materials		170		47,297	451	5,480				85,688
Miscellaneous Expenditures				2,790	437	100	748			4,075
Total Support Services	351,559	25,276	6,717	483,535	119,003	53,422	4,883	22,432		2,086,332
Facilities Acquisition and Const. Services										
Instructional Equipment	31,984			283,424	24,162	21,986				366,457
Total Facilities Acquisition and Const. Services	31,984			283,424	24,162	21,986				366,457
Total expenditures	\$ 732,110	\$ 72,197	\$ 9,232	\$ 893,846	\$ 192,080	\$ 76,403	\$ 25,142	\$ 22,432	\$ 8,544	\$ 5,233,576

BOROUGH OF ROSELLE SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 SCHEDULE OF PRESCHOOL EDUCATION AID PROGRAM EXPENDITURES
 BUDGETARY BASIS

YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
EXPENDITURES					
Instruction:					
Salaries of Teachers	\$ 101,057	\$ 149,968	\$ 251,025	\$ 250,764	\$ 261
Other Salaries	82,549	9,509	92,058	90,636	1,422
General Supplies	<u> </u>	<u>173,345</u>	<u>173,345</u>	<u>168,473</u>	<u>4,872</u>
Total Instruction	<u>183,606</u>	<u>332,822</u>	<u>516,428</u>	<u>509,873</u>	<u>6,555</u>
Support Services:					
Personal Sevices		79,305	79,305	79,305	
Purch. Ed. Services -Contrateed PK	<u>208,218</u>	<u>(208,218)</u>	<u> </u>	<u> </u>	<u> </u>
Total Support Services	<u>208,218</u>	<u>(128,913)</u>	<u>79,305</u>	<u>79,305</u>	<u>-</u>
Total Expenditures	<u><u>\$ 391,824</u></u>	<u><u>\$ 203,909</u></u>	<u><u>\$ 595,733</u></u>	<u><u>\$ 589,178</u></u>	<u><u>\$ 6,555</u></u>

Calculation of Budget and Carryover

Total Revised 2010-2011 Preschool Education Aid Allocation	\$ 391,824
Add : Refund of Prior year Preschool Expenditures and Tuition Revenues	95,965
Add : Actual Preschool Education Aid Carryover (June 30, 2010)	<u>164,727</u>
Total Preschool Educatoin Aid Funds Available for 2010-2011 Budget	652,516
Less: 2010-2011 Budgeted Preschool Education Aid (including prior year budgeted carryover)	<u>(595,733)</u>
Available and Unbudgeted Preschool Education Aid Funds as June 30, 2011	56,783
Add: 2010-2011 Unexpected Preschool Education Aid	6,555
2010-2011 Acutal Carryover - Preschool Education Aid	<u><u>\$ 63,338</u></u>
2010-11 Preschool Education Aid Carryover Budgeted in 2011-2012	<u><u>\$ -</u></u>

Other Supplementary Information

Capital Projects Fund
Detail Statements

Borough of Roselle School District
Capital Projects Fund

Summary Schedule of Project Revenues, Expenditures and Changes
in Fund Balance - Budgetary Basis

Year ended June 30, 2011

Revenues

State Sources	
State Sources - SDA Grants	\$ 2,817,763
Local Sources:	
Transfer from Capital Reserve	<u>423,738</u>
Total revenues	<u>3,241,501</u>

Expenditures

Other purchased professional and technical services	34,251
Construction services	<u>655,402</u>
Total expenditures	<u>689,653</u>

Excess of revenues over expenditures 2,551,848

Other Financing (Uses)

Transfers out	<u>(135,828)</u>
---------------	------------------

Net change in fund balance 2,416,020

Fund balance, July 1 1,531,640

Fund balance, June 30 \$ 3,947,660

Reconciliation to GAAP Basis

Fund Balance, June 30, 2011 - Budgetary Basis	\$ 3,947,660
Less:	
SDA proceeds not recognizable on a GAAP Basis	<u>(2,396,517)</u>

Fund Balance, June 30, 2011 - GAAP Basis \$ 1,551,143

Borough of Roselle School District
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status
 (Budgetary Basis)
 Various SDA Approved In-District Projects
 From Inception and for the year ended June 30, 2011

	Prior Period	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Transfer from capital outlay	\$ 1,507,486	\$ (135,828)	\$ 1,371,658	\$ 1,371,658
Transfer from capital reserve	2,930,260	423,738	3,353,998	3,353,998
State Sources - SDA Grants	1,545,644	2,817,763	4,363,407	4,363,407
Total revenues	<u>5,983,390</u>	<u>3,105,673</u>	<u>9,089,063</u>	<u>9,089,063</u>
Expenditures and Other Financing Uses				
Other purchased professional and technical services		34,251	34,251	576,859
Construction services	4,451,750	655,402	5,107,152	8,512,204
Total expenditures	<u>4,451,750</u>	<u>689,653</u>	<u>5,141,403</u>	<u>9,089,063</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,531,640</u>	<u>\$ 2,416,020</u>	<u>\$ 3,947,660</u>	<u>\$ -</u>

Borough of Roselle School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balances and Project Status

(Budgetary Basis)

Additions to Wilday Middle School

From Inception and for the year ended June 30, 2011

	Prior Period	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing				
Sources				
Transfer from capital outlay				
Transfer from capital reserve	\$ 2,930,260		\$ 2,930,260	\$ 2,930,260
State Sources - SDA Grants	1,545,644		1,545,644	1,545,644
Total revenues	<u>4,475,904</u>		<u>4,475,904</u>	<u>4,475,904</u>
Expenditures and Other Financing				
Uses				
Other purchased professional and technical services				
Construction services	4,451,750		4,451,750	4,475,904
Total expenditures	<u>4,451,750</u>		<u>4,451,750</u>	<u>4,475,904</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 24,154</u>	<u>\$ -</u>	<u>\$ 24,154</u>	<u>\$ -</u>

Borough of Roselle School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balances and Project Status

(Budgetary Basis)

Roof Replacement - Dr. Charles C. Polk School

From Inception and for the year ended June 30, 2011

	Prior Period	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Transfer from capital outlay	\$ 135,828	\$ (135,828)	\$ -	
Transfer from capital reserve				
State Sources - SDA Grants				
Total revenues	<u>135,828</u>	<u>(135,828)</u>	<u>-</u>	<u>-</u>
Expenditures and Other Financing Uses				
Other purchased professional and technical services				
Construction services				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 135,828</u>	<u>\$ (135,828)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project

Project Number	4540-030-09-1003
Grant Date	6/2/2010
Original Authorized Cost	\$ 349,000
Revised Authorized Cost	n/a
Percentage increase over Original Authorized Costs	n/a
Percentage Completion	100%
Original target Completion date	Aug-10
Revised Target Completion date	n/a

Borough of Roselle School District
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status

(Budgetary Basis)

Auditorium Upgrade - Abraham Clark High School

From Inception and for the year ended June 30, 2011

	Prior Period	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Transfer from capital outlay	\$ 291,992		\$ 291,992	\$ 291,992
Transfer from capital reserve				
State Sources - SDA Grants		\$ 458,263	458,263	458,263
Total revenues	291,992	458,263	750,255	750,255
Expenditures and Other Financing Uses				
Other purchased professional and technical services		31,245	31,245	96,525
Construction services		61,097	61,097	653,730
Total expenditures	-	92,342	92,342	750,255
Excess (deficiency) of revenues over (under) expenditures	\$ 291,992	\$ 365,921	\$ 657,913	\$ -

Additional Project Information

Project Number	4540-010-09-1011
Grant Date	6/2/2010
Original Authorized Cost	\$ 750,255
Revised Authorized Cost	\$ 750,255
Percentage increase over Original Authorized Costs	n/a
Percentage Completion	12%
Original target Completion date	Aug-12
Revised Target Completion date	Aug-12

Borough of Roselle School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balances and Project Status

(Budgetary Basis)

New Exterior Doors, Boiler, CCTV Security System - Abraham Clark High School

From Inception and for the year ended June 30, 2011

	Prior Period	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing				
Sources				
Transfer from capital outlay	\$ 470,973		\$ 470,973	\$ 470,973
Transfer from capital reserve				
State Sources - SDA Grants		\$ 739,162	739,162	739,162
Total revenues	<u>470,973</u>	<u>739,162</u>	<u>1,210,135</u>	<u>1,210,135</u>
Expenditures and Other Financing				
Uses				
Other purchased professional and technical services		3,006	3,006	149,456
Construction services		121,396	121,396	1,060,679
Total expenditures	<u>-</u>	<u>124,402</u>	<u>124,402</u>	<u>1,210,135</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 470,973</u>	<u>\$ 614,760</u>	<u>\$ 1,085,733</u>	<u>\$ -</u>

Additional Project Information

Project Number	4540-010-09-1004
Grant Date	6/2/2010
Original Authorized Cost	\$ 1,210,135
Revised Authorized Cost	\$ 1,210,135
Percentage increase over Original Authorized Costs	n/a
Percentage Completion	10%
Original target Completion date	Aug-12
Revised Target Completion date	Aug-12

Borough of Roselle School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balances and Project Status

(Budgetary Basis)

New Exterior Doors, Upgrade Electrical Services, New CCTV Security System - Dr. Charles C. Polk School

From Inception and for the year ended June 30, 2011

	Prior Period	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing				
Sources				
Transfer from capital outlay	\$ 33,507		\$ 33,507	\$ 33,507
Transfer from capital reserve		\$ 58,656	58,656	58,656
State Sources - SDA Grants		144,645	144,645	144,645
Total revenues	<u>33,507</u>	<u>203,301</u>	<u>236,808</u>	<u>236,808</u>
Expenditures and Other Financing				
Uses				
Other purchased professional and technical services				30,888
Construction services			-	205,920
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>236,808</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 33,507</u>	<u>\$ 203,301</u>	<u>\$ 236,808</u>	<u>\$ -</u>

Additional Project Information

Project Number	4540-030-009-1009
Grant Date	6/2/2010
Original Authorized Cost	\$ 236,808
Revised Authorized Cost	\$ 236,808
Percentage increase over Original Authorized Costs	n/a
Percentage Completion	0%
Original target Completion date	Aug-12
Revised Target Completion date	Aug-12

Borough of Roselle School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balances and Project Status

(Budgetary Basis)

Science Lab Renovations, New Lockers - Abraham Clark High School

From Inception and for the year ended June 30, 2011

	Prior Period	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Transfer from capital outlay	\$ 575,186		\$ 575,186	\$ 575,186
Transfer from capital reserve				
State Sources - SDA Grants		\$ 902,718	902,718	902,718
Total revenues	<u>575,186</u>	<u>902,718</u>	<u>1,477,904</u>	<u>1,477,904</u>
Expenditures and Other Financing Uses				
Other purchased professional and technical services				176,945
Construction services		224,659	224,659	1,300,959
Total expenditures	<u>-</u>	<u>224,659</u>	<u>224,659</u>	<u>1,477,904</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 575,186</u>	<u>\$ 678,059</u>	<u>\$ 1,253,245</u>	<u>\$ -</u>

Additional Project Information

Project Number	4540-010-09-1005
Grant Date	6/2/2010
Original Authorized Cost	\$ 1,477,904
Revised Authorized Cost	\$ 1,477,904
Percentage increase over Original Authorized Costs	n/a
Percentage Completion	15%
Original target Completion date	Aug-12
Revised Target Completion date	Aug-12

Borough of Roselle School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balances and Project Status

(Budgetary Basis)

Roof Replacement - Wilday Middle School

From Inception and for the year ended June 30, 2011

	Prior Period	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing				
Sources				
Transfer from capital outlay				
Transfer from capital reserve		\$ 192,007	\$ 192,007	\$ 192,007
State Sources - SDA Grants		301,343	301,343	301,343
Total revenues	-	493,350	493,350	493,350
Expenditures and Other Financing				
Uses				
Other purchased professional and technical services				64,350
Construction services		240,435	240,435	429,000
Total expenditures	-	240,435	240,435	493,350
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 252,915	\$ 252,915	\$ -

Additional Project Information

Project Number	4540-060-09-1012
Grant Date	6/2/2010
Original Authorized Cost	\$ 493,350
Revised Authorized Cost	\$ 493,350
Percentage increase over Original Authorized Costs	n/a
Percentage Completion	49%
Original target Completion date	Aug-11
Revised Target Completion date	Aug-11

Borough of Roselle School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balances and Project Status

(Budgetary Basis)

Upgrade Electrical Services - Harrison Elementary School

From Inception and for the year ended June 30, 2011

	Prior Period	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing				
Sources				
Transfer from capital outlay				
Transfer from capital reserve		\$ 23,313	\$ 23,313	\$ 23,313
State Sources - SDA Grants		36,587	36,587	36,587
Total revenues	-	59,900	59,900	59,900
Expenditures and Other Financing				
Uses				
Other purchased professional and technical services				8,508
Construction services		7,815	7,815	51,392
Total expenditures	-	7,815	7,815	59,900
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 52,085	\$ 52,085	\$ -

Additional Project Information

Project Number	4540-020-09-1002
Grant Date	6/2/2010
Original Authorized Cost	\$ 59,900
Revised Authorized Cost	\$ 59,900
Percentage increase over Original Authorized Costs	n/a
Percentage Completion	13%
Original target Completion date	Aug-12
Revised Target Completion date	Aug-12

Borough of Roselle School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balances and Project Status

(Budgetary Basis)

New Intercom and CCTV Security System - Wilday Middle School

From Inception and for the year ended June 30, 2011

	Prior Period	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing				
Sources				
Transfer from capital outlay				
Transfer from capital reserve		\$28,800	\$ 28,800	\$ 28,800
State Sources - SDA Grants		45,201	45,201	45,201
Total revenues	-	74,001	74,001	74,001
 Expenditures and Other Financing				
Uses				
Other purchased professional and technical services			-	9,651
Construction services			-	64,350
Total expenditures	-	-	-	74,001
 Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 74,001	\$ 74,001	\$ -

Additional Project Information

Project Number	4540-060-09-1007
Grant Date	6/2/2010
Original Authorized Cost	\$ 74,001
Revised Authorized Cost	\$ 74,001
 Percentage increase over Original Authorized Costs	 n/a
Percentage Completion	0%
Original target Completion date	Aug-12
Revised Target Completion date	Aug-12

Borough of Roselle School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balances and Project Status

(Budgetary Basis)

New Intercom and CCTV Security System - Washington Elementary School

From Inception and for the year ended June 30, 2011

	Prior Period	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Transfer from capital outlay		\$ 28,800	\$ 28,800	\$ 28,800
Transfer from capital reserve		45,201	45,201	45,201
State Sources - SDA Grants				
Total revenues	-	74,001	74,001	74,001
Expenditures and Other Financing Uses				
Other purchased professional and technical services			-	9,651
Construction services			-	64,350
Total expenditures	-	-	-	74,001
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 74,001	\$ 74,001	\$ -

Additional Project Information

Project Number	4540-050-09-1010
Grant Date	6/2/2010
Original Authorized Cost	\$ 74,001
Revised Authorized Cost	\$ 74,001
Percentage increase over Original Authorized Costs	n/a
Percentage Completion	0%
Original target Completion date	Aug-12
Revised Target Completion date	Aug-12

Borough of Roselle School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balances and Project Status

(Budgetary Basis)

New Intercom and CCTV Security System - Leonard V. Moore Middle School

From Inception and for the year ended June 30, 2011

	Prior Period	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Transfer from capital outlay				
Transfer from capital reserve		\$ 28,800	\$ 28,800	\$ 28,800
State Sources - SDA Grants		45,201	45,201	45,201
Total revenues	-	74,001	74,001	74,001
Expenditures and Other Financing Uses				
Other purchased professional and technical services			-	9,651
Construction services			-	64,350
Total expenditures	-	-	-	74,001
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 74,001	\$ 74,001	\$ -

Additional Project Information

Project Number	4540-040-09-1006
Grant Date	6/2/2010
Original Authorized Cost	\$ 74,001
Revised Authorized Cost	\$ 74,001
Percentage increase over Original Authorized Costs	n/a
Percentage Completion	0%
Original target Completion date	Aug-12
Revised Target Completion date	Aug-12

Borough of Roselle School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balances and Project Status

(Budgetary Basis)

Intercom PA System Replacement, New Security System - Harrison Elementary School

From Inception and for the year ended June 30, 2011

	Prior Period	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Transfer from capital outlay		\$ 63,362	\$ 63,362	\$ 63,362
Transfer from capital reserve		99,442	99,442	99,442
State Sources - SDA Grants				
Total revenues	-	162,804	162,804	162,804
Expenditures and Other Financing Uses				
Other purchased professional and technical services			-	21,234
Construction services			-	141,570
Total expenditures	-	-	-	162,804
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 162,804	\$ 162,804	\$ -

Additional Project Informations

Project Number	4540-020-09-1008
Grant Date	6/2/2010
Original Authorized Cost	\$ 162,804
Revised Authorized Cost	\$ 162,804
Percentage increase over Original Authorized Costs	n/a
Percentage Completion	0%
Original target Completion date	Aug-12
Revised Target Completion date	Aug-12

Borough of Roselle School District
Capital Projects Fund

Summary Schedule of Project Expenditures
From Inception and for the year ended June 30, 2011

Issue/Project Title	Total Appropriations	Expenditures to Date		Unexpende Balance
		Prior Year	Current Year	
District Projects:				
Additions to Wilday Middle School	\$ 4,475,904	\$ 4,451,750		\$ 24,154
Auditorium Upgrades - Abraham Clark	750,255		\$ 92,342	657,913
Various Upgrades:				
Abraham Clark	1,210,135		124,402	1,085,733
Dr. Charles C. Polk	236,808			236,808
Science Lab Renovations / Lockers- Abraham Clark	1,477,904		224,659	1,253,245
Roof Replacement - Wilday Middle School	493,350		240,435	252,915
Electrical Upgrades - Harrison Elementary School	59,900		7,815	52,085
New Intercom and CCTV Security System:				
Wilday Middle School	74,001			74,001
Washington Elementary School	74,001			74,001
Leonard V. Moore Middle School	74,001			74,001
Harrison Elementary	162,804			162,804
District Project Totals	<u>\$ 9,089,063</u>	<u>\$ 4,451,750</u>	<u>\$ 689,653</u>	<u>\$3,947,660</u>
Allocation of Total Appropriations				
<u>Local Sources:</u>				
Capital Reserve	\$ 3,353,998			
Capital Outlay	1,371,658			
	<u>4,725,656</u>			
<u>State Sources:</u>				
SDA Grants	4,363,407			
	<u>4,363,407</u>			
Total	<u>\$ 9,089,063</u>			

This page left blank intentionally

Fiduciary Funds
Detail Statements

BOROUGH OF ROSELLE SCHOOL DISTRICT
 Combining Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2011

	Trust	Agency		Total Agency Funds
	Private Purpose Scholarship	Student Activity	Payroll	
Assets				
Cash and cash equivalents	\$ 198,517	\$ 122,821	\$ 285,455	\$ 408,276
Interfund			10,864	10,864
Total Assets	<u>198,517</u>	<u>\$ 122,821</u>	<u>\$ 296,319</u>	<u>\$ 419,140</u>
Liabilities				
Payable to student groups		\$ 122,821		\$ 122,821
Payroll deductions and withholdings payable			\$ 296,319	296,319
Total Liabilities	<u>-</u>	<u>\$ 122,821</u>	<u>\$ 296,319</u>	<u>\$ 419,140</u>
Net Assets				
Held in trust for scholarships	198,517			
Total net assets	<u>\$ 198,517</u>			

BOROUGH OF ROSELLE SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year ended June 30, 2011

	Scholarship Funds						Memorial Scholarships				Total	
	Oliver E. Young	Helen Stucy	Louis Levine	Joseph Bustard	Evelyn Rung	Cassandra Pisairo	Dohner Trust	Oliver E. Young Instrumental	Oliver E. Young Vocal	Darlene Roberto		Playground Project
ADDITIONS												
Contributions:										\$ 5,000		\$ 5,000
Investment Earnings	\$ 253			\$ 6	\$ 15	\$ 24	\$ 452	\$ 20	\$ 17	5	\$ 18	810
Total additions	<u>253</u>			<u>6</u>	<u>15</u>	<u>24</u>	<u>452</u>	<u>20</u>	<u>17</u>	<u>5,005</u>	<u>18</u>	<u>5,810</u>
DEDUCTIONS												
Scholarships awarded	2,000			100	200	1,000	2,000	200	100	5,000		10,600
Miscellaneous	\$ 2,732											2,732
Total deductions	<u>2,000</u>	<u>2,732</u>		<u>100</u>	<u>200</u>	<u>1,000</u>	<u>2,000</u>	<u>200</u>	<u>100</u>	<u>5,000</u>		<u>13,332</u>
Change in net assets	(1,747)	(2,732)		(94)	(185)	(976)	(1,548)	(180)	(83)	5	18	(7,522)
Net assets—beginning of the year	66,200	2,732	\$ 16	1,118	2,753	4,328	117,488	3,535	3,116	27	4,726	206,039
Net assets—end of the year	<u>\$ 64,453</u>	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ 1,024</u>	<u>\$ 2,568</u>	<u>\$ 3,352</u>	<u>\$ 115,940</u>	<u>\$ 3,355</u>	<u>\$ 3,033</u>	<u>\$ 32</u>	<u>\$ 4,744</u>	<u>\$ 198,517</u>

BOROUGH OF ROSELLE SCHOOL DISTRICT
 Student Activity Agency Fund
 Schedule of Cash Receipts and Cash Disbursements
 Year ended June 30, 2011

	Balance June 30, 2010	Cash Receipts	Cash Disbursements	Balance June 30, 2011
Elementary School Accounts:				
Washington School	\$ 6,623	\$ 12,852	\$ 3,569	\$ 15,906
Harrison School	1,931	14,626	14,553	2,004
Charles C. Polk School	4,417	19,541	22,005	1,953
Total Elementary School Accounts	<u>12,971</u>	<u>47,019</u>	<u>40,127</u>	<u>19,863</u>
Middle School Accounts:				
Wilday School	1,037	4,646	3,478	2,205
Leonard V. Moore School	2,029	8,008	9,176	861
Total Middle School Accounts	<u>3,066</u>	<u>12,654</u>	<u>12,654</u>	<u>3,066</u>
High School Accounts:				
Athletic Account	33,891	37,155	39,336	31,710
Student Activity Account-MM	24,367	137		24,504
Student Activity Account - Checking	18,444	68,465	43,231	43,678
Total High School Accounts	<u>76,702</u>	<u>105,757</u>	<u>82,567</u>	<u>99,892</u>
Totals	<u>\$ 92,739</u>	<u>\$ 165,430</u>	<u>\$ 135,348</u>	<u>\$ 122,821</u>

BOROUGH OF ROSELLE SCHOOL DISTRICT
 Payroll Agency Fund
 Schedule of Cash Receipts and Cash Disbursements
 Year Ended June 30, 2011

	Balance June 30, 2010	Cash Receipts	Cash Disbursements	Balance June 30, 2011
ASSETS				
Cash and cash equivalents	\$ 238,689	\$ 31,241,195	\$ 31,194,429	\$ 285,455
Interfund	10,864			10,864
Total Assets	<u>\$ 249,553</u>	<u>\$ 31,241,195</u>	<u>\$ 31,194,429</u>	<u>\$ 296,319</u>
LIABILITIES				
Payroll deductions and withholdings	\$ 249,553	\$ 12,695,739	\$ 12,648,973	\$ 296,319
Accrued salaries and wages payable		18,545,456	18,545,456	
Total Liabilities	<u>\$ 249,553</u>	<u>\$ 31,241,195</u>	<u>\$ 31,194,429</u>	<u>\$ 296,319</u>

Long-Term Debt

BOROUGH OF ROSELLE SCHOOL DISTRICT
 Long-Term Debt
 Statement of Obligations Under Capital leases
 Year ended June 30, 2011

	Date of Lease	Term of Lease	Amount of Original Lease	Interest Rate	Balance June 30, 2010	Retired	Balance June 30, 2011
Xerox833098 (Annex)	10/01/05	5 years	\$ 33,284	10.50%	\$ 2,412	\$ 2,412	
Xerox 077935 (ACHS)	03/20/07	5 Years	61,629	6.00%	22,398	14,162	\$ 8,236
Xerox 542026 (Spec. Serv.)	03/20/07	5 Years	37,274	6.00%	13,510	8,543	4,967
Xerox 541324 (Board O.)	03/20/07	5 Years	42,452	6.00%	16,135	9,791	6,344
Xerox 75112861 (Board O.)	03/20/07	5 Years	37,244	6.00%	13,866	8,756	5,110
Xerox 4595 (ACHS)	05/01/08	5 years	17,750	6.00%	11,230	3,572	7,658
Xerox 5638 (ACHS)	05/01/08	5 years	8,308	6.00%	5,256	1,672	3,584
Xerox 4595 (LVM)	05/01/08	5 years	28,396		17,965	5,715	12,250
Xerox 7242 (Food Service)	05/01/08	5 years	9,073	6.00%	5,740	1,826	3,914
Xerox 4595 (WASH)	05/01/08	5 years	28,428	6.00%	17,985	5,721	12,264
Xerox 4595 (Wilday)	05/01/08	5 years	33,036	6.00%	20,901	6,649	14,252
Xerox 4595 (Wilday)	05/01/08	5 years	27,831	6.00%	17,608	5,601	12,007
Xerox 4595 (Harrison)	05/01/08	5 years	27,831	6.00%	17,608	5,601	12,007
Xerox 4595 (Polk)	05/01/08	5 years	27,254	6.00%	17,243	5,485	11,758
Xerox 4150 (6 copiers)							
Wilday (1)	06/01/08	5 years	3,659	6.00%	2,361	736	1,625
ACHS (2)	05/01/08	5 years	7,318	6.00%	4,631	1,473	3,158
Polk (1)	05/01/08	5 years	3,659	6.00%	2,315	736	1,579
Washington (1)	05/01/08	5 years	3,659	6.00%	2,315	736	1,579
Harrison (1)	05/01/08	5 years	3,659	6.00%	2,315	736	1,579
					\$ 213,794	\$ 89,923	\$ 123,871

This page left blank intentionally

Statistical Section
(Unaudited)

**Statistical Section
Unaudited**

Contents

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.

Revenue Capacity

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

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.

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.

Operating Information

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

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ended June 30, 2003; schedules presenting district-wide information include information beginning in that year. Ten years of information has been provided where available.*

BOROUGH OF ROSELLE SCHOOL DISTRICT
 Net Assets by Component
 Last Six Years
(accrual basis of accounting)
 Unaudited

	June 30,					
	2006	2007	2008	2009	2010	2011
		*				
Governmental activities						
Invested in capital assets, net of related debt	\$ 14,369,504	\$ 6,140,340	\$ 6,220,309	\$ 5,856,819	\$ 6,033,927	\$ 6,777,011
Restricted	4,187,089	4,263,652	2,543,461	4,259,390	6,257,698	5,241,137
Unrestricted	1,416,140	623,481	(404,204)	1,161,574	(1,367,096)	1,334,839
Total governmental activities net assets	<u>\$ 19,972,733</u>	<u>\$ 11,027,473</u>	<u>\$ 8,359,566</u>	<u>\$ 11,277,783</u>	<u>\$ 10,924,529</u>	<u>\$ 13,352,987</u>
Business-type activities						
Invested in capital assets		\$ 58,826	\$ 60,013	\$ 53,915	\$ 73,462	\$ 119,261
Unrestricted	\$ 281,399	284,805	280,903	234,407	281,771	285,857
Total business-type activities net assets	<u>\$ 281,399</u>	<u>\$ 343,631</u>	<u>\$ 340,916</u>	<u>\$ 288,322</u>	<u>\$ 355,233</u>	<u>\$ 405,118</u>
Government-wide						
Invested in capital assets, net of related debt	\$ 14,369,504	\$ 6,199,166	\$ 6,280,322	\$ 5,910,734	\$ 6,107,389	\$ 6,896,272
Restricted	4,187,089	4,297,431	2,543,461	4,259,390	6,257,698	5,241,137
Unrestricted	1,697,539	(338,676)	(123,301)	1,395,981	(1,085,325)	1,620,696
Total government-wide net assets	<u>\$ 20,254,132</u>	<u>\$ 10,157,921</u>	<u>\$ 8,700,482</u>	<u>\$ 11,566,105</u>	<u>\$ 11,279,762</u>	<u>\$ 13,758,105</u>

Source: CAFR Schedule A-1

* In 2007, the District adjusted its capital assets to its certified appraisal.

Note: This table was required with the implementation of GASB 34 in the 2003 fiscal year. Information has been presented back to the year that information has been made available. Additional years will be added until ten years are presented.

BOROUGH OF ROSELLE SCHOOL DISTRICT
Changes in Net Assets, Last Six Fiscal Years
(accrual basis of accounting)
Unaudited

	Year ended June 30,					
	2006	2007	2008	2009	2010	2011
Expenses						
Governmental activities						
Instruction						
Regular	\$ 15,324,811	\$ 17,601,639	\$ 17,145,489	\$ 16,124,349	\$ 19,121,220	\$ 19,816,588
Special education	3,002,679	3,403,418	3,614,379	4,022,220	4,775,597	5,604,221
Other instruction	2,022,940	2,977,804	2,189,176	3,116,842	3,727,847	3,846,346
Support Services:						
Instruction	8,010,706	7,114,287	7,647,788	5,557,907	5,162,562	4,369,280
Student & instruction related services	5,517,884	5,764,629	6,509,272	4,765,048	6,046,005	7,564,912
General administrative services	1,422,182	1,253,042	1,027,030	2,670,799	1,228,057	1,148,364
School administrative services	2,135,492	2,433,944	2,211,582	1,815,740	2,524,188	2,652,376
Business/Central/Info Technology	1,110,878	1,403,928	1,269,501	908,681	1,200,556	1,286,521
Plant operations and maintenance	4,085,461	3,638,439	4,406,397	6,526,613	4,477,769	4,008,830
Pupil transportation	2,622,892	2,989,131	3,584,399	2,918,452	2,206,990	1,426,179
Special Schools	8,400	8,400	8,400	8,400	8,400	8,495
Charter Schools			40,395	53,212	45,111	62,251
Capital Outlay				176,945		
Total governmental activities expenses	<u>45,264,325</u>	<u>48,588,661</u>	<u>49,653,808</u>	<u>48,665,208</u>	<u>50,524,302</u>	<u>51,794,363</u>
Business-type activities:						
Food service	1,010,001	1,120,996	1,187,073	1,244,828	1,244,170	1,447,503
Community School	5,584	1,510	6,702	3,996	1,189	1,605
Total business-type activities expense	<u>1,015,585</u>	<u>1,122,506</u>	<u>1,193,775</u>	<u>1,248,824</u>	<u>1,245,359</u>	<u>1,449,108</u>
Total district expenses	<u>\$ 46,279,910</u>	<u>\$ 49,711,167</u>	<u>\$ 50,847,583</u>	<u>\$ 49,914,032</u>	<u>\$ 51,769,661</u>	<u>\$ 53,243,471</u>
Program Revenues						
Governmental activities:						
Operating grants and contributions	\$ 4,220,706	\$ 4,349,477	\$ 4,937,245	\$ 2,950,632	\$ 5,725,552	\$ 5,378,726
Capital grants and contributions						421,246
Total governmental activities program revenues	<u>4,220,706</u>	<u>4,349,477</u>	<u>4,937,245</u>	<u>2,950,632</u>	<u>5,725,552</u>	<u>5,799,972</u>
Business-type activities:						
Charges for services						
Food service	\$ 332,079	\$ 340,587	\$ 319,565	\$ 263,084	\$ 263,160	\$ 319,305
Community School	4,964	1,964	3,800	3,718	1,610	1,244
Operating grants and contributions	692,809	789,186	817,611	929,428	1,010,075	1,178,441
Total business type activities program revenues	<u>1,029,852</u>	<u>1,131,737</u>	<u>1,140,976</u>	<u>1,196,230</u>	<u>1,274,845</u>	<u>1,498,990</u>
Total district program revenues	<u>\$ 5,250,558</u>	<u>\$ 5,481,214</u>	<u>\$ 6,078,221</u>	<u>\$ 4,146,862</u>	<u>\$ 7,000,397</u>	<u>\$ 7,298,962</u>

BOROUGH OF ROSELLE SCHOOL DISTRICT
Changes in Net Assets, Last Six Fiscal Years
(accrual basis of accounting)
Unaudited

	Year ended June 30,					
	2006	2007	2008	2009	2010	2011
Net (Expense)/Revenue						
Governmental activities	\$ (41,043,619)	\$ (44,239,184)	\$ (44,716,563)	\$ (45,714,576)	\$ (44,798,750)	\$ (45,994,391)
Business-type activities	14,267	9,231	(52,799)	(52,594)	(29,488)	49,882
Total district-wide net expense	<u>\$ (41,029,352)</u>	<u>\$ (44,229,953)</u>	<u>\$ (44,769,362)</u>	<u>\$ (45,767,170)</u>	<u>\$ (44,828,238)</u>	<u>\$ (45,944,509)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Property taxes levied for general purposes, net	\$ 22,171,532	\$ 22,171,532	\$ 22,538,275	\$ 23,438,800	\$ 23,438,800	\$ 23,438,800
Federal and State Aid Not Restricted	19,492,777	19,492,777	20,428,848	24,902,427	20,645,729	24,842,450
Tuition				60,386		
Miscellaneous income	813,510	813,510	512,723	281,941	142,700	141,599
Transfers In/Out	(53,002)	(53,002)	(50,084)		(37,424)	
Total governmental activities	<u>42,424,817</u>	<u>42,424,817</u>	<u>43,429,762</u>	<u>48,683,554</u>	<u>44,189,805</u>	<u>48,422,849</u>
Business-type activities:						
Miscellaneous Income						3
Transfers	78,000	78,000	53,002	50,084	37,424	
Total business-type activities	<u>78,000</u>	<u>78,000</u>	<u>53,002</u>	<u>50,084</u>	<u>37,424</u>	<u>3</u>
Total district-wide	<u>\$ 42,502,817</u>	<u>\$ 42,502,817</u>	<u>\$ 43,482,764</u>	<u>\$ 48,733,638</u>	<u>\$ 44,227,229</u>	<u>\$ 48,422,852</u>
Change in Net Assets						
Governmental activities	\$ 1,381,198	\$ (1,814,367)	\$ (1,286,800)	\$ 2,908,592	\$ (377,408)	\$ 2,428,458
Business-type activities	92,267	87,231	(2,715)	(52,594)	66,910	49,885
Total district	<u>\$ 1,473,465</u>	<u>\$ (1,727,136)</u>	<u>\$ (1,289,515)</u>	<u>\$ 2,855,998</u>	<u>\$ (310,498)</u>	<u>\$ 2,478,343</u>

Source: CAFR Schedule A-2

This table was required with the implementation of GASB 34 in the 2003 fiscal year. Information has been presented back to the year that information has been made available. Additional years will be added until ten years are presented.

BOROUGH OF ROSELLE SCHOOL DISTRICT
Fund Balances - Governmental Funds
Last Six Fiscal Years
(modified accrual basis of accounting)
Unaudited

	June 30,					
	2006	2007	2008	2009	2010	2011
General Fund						
Reserved	\$ 6,207,457	\$ 4,263,652	\$ 2,543,461	\$ 790,635	\$ 5,787,791	
Unreserved	528,483	1,003,104	2,236,073	6,185,927	(1,158,224)	
Restricted						\$ 3,689,994
Assigned to						2,591,233
Total general fund	<u>\$ 6,735,940</u>	<u>\$ 5,266,756</u>	<u>\$ 4,779,534</u>	<u>\$ 6,976,562</u>	<u>\$ 4,629,567</u>	<u>\$ 6,281,227</u>
All Other Governmental Funds						
Unreserved, reported in:						
Special revenue fund	\$ (96,584)	\$ (96,584)	\$ (134,146)	\$ (37,915)	\$ (39,182)	
Capital projects fund		33,779	33,779	24,154	1,531,640	
Restricted						\$ 1,551,143
Unassigned (deficit)						(39,182)
Total all other governmental funds	<u>\$ (96,584)</u>	<u>\$ (62,805)</u>	<u>\$ (100,367)</u>	<u>\$ (13,761)</u>	<u>\$ 1,492,458</u>	<u>\$ 1,511,961</u>

Source: CAFR Schedule B-1

Note: This table was required with the implementation of GASB 34 in the 2003 fiscal year. Information has been presented back to the year that information has been made available. Additional years will be added until ten years are presented.

GASB #54 was implemented in the 2011 fiscal year, which required the presentation of fund balances to be reported in different classifications from those presented in prior years (see footnote #1 in the basic financial statements). Prior years have not been restated above and are not required to be.

BOROUGH OF ROSELLE SCHOOL DISTRICT
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 Unaudited

	Year ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Tax levy	\$ 15,145,024	\$ 15,849,907	\$ 17,569,989	\$ 21,096,896	\$ 21,318,821	\$ 22,171,532	\$ 22,538,275	\$ 23,438,800	\$ 23,438,800	\$ 23,438,800
Miscellaneous	274,768	115,195	399,811	225,396	790,738	634,912	634,912	282,465	163,043	172,575
State sources	17,691,765	20,477,990	18,827,530	22,194,465	20,733,298	21,706,556	23,302,236	25,813,678	19,944,906	26,134,733
Federal sources	1,104,996	1,196,728	1,852,679	1,545,658	1,829,383	2,135,698	2,059,009	2,037,058	6,637,569	4,476,713
Total revenue	34,216,553	37,639,819	38,650,009	45,062,415	44,672,240	46,648,698	48,534,432	51,572,001	50,184,318	54,222,821
Expenditures										
Instruction										
Regular Instruction	9,920,295	10,804,842	10,959,199	12,150,548	12,824,867	13,042,224	13,561,760	13,010,427	14,315,334	15,337,345
Special education instruction	1,783,236	1,383,532	1,546,418	1,957,527	2,331,531	2,764,466	2,865,260	3,370,469	3,665,555	4,013,520
Other instruction	1,227,047	1,291,472	1,709,857	1,506,425	1,603,473	1,731,249	1,735,446	2,609,924	2,714,285	2,787,418
Support Services:										
Instruction	5,908,432	6,746,905	6,551,913	6,364,567	6,248,932	6,001,013	6,062,702	5,557,907	5,162,562	4,369,280
Student & instruction related services	4,073,561	4,303,364	4,160,497	3,811,798	4,603,979	5,049,191	5,160,157	4,692,629	5,051,532	6,559,305
General administrationservices	791,668	851,704	1,002,184	1,054,930	1,002,715	839,825	805,946	847,253	1,099,761	1,008,722
School administration services	1,395,607	1,370,990	831,102	1,541,948	1,464,344	1,725,468	1,735,740	1,815,740	1,765,070	1,898,552
Central Services / Administration Info. Technology	300,812	296,191	728,514	749,597	1,110,878	1,004,136	1,006,384	908,681	930,204	957,638
Plant operations and maintenance	2,083,333	1,878,387	1,982,007	2,268,571	3,078,740	3,100,594	3,282,731	3,345,458	3,818,314	3,446,889
Pupil transportation	1,897,998	2,089,189	2,094,539	2,381,840	2,622,892	2,910,814	2,841,494	2,483,953	2,187,901	1,406,969
Unallocated employee benefits	4,297,166	4,634,608	5,924,897	6,686,009	7,833,058	9,668,584	10,211,562	9,391,127	9,078,347	9,660,844
Special Schools	18,492	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400
Charter Schools							40,395	53,212	45,112	62,251
Capital outlay	439,874	205,239	585,538	5,551,004	642,839	403,006	775,023	190,070	1,145,295	1,034,525
Total expenditures	34,137,521	35,864,823	38,085,065	46,033,163	45,376,648	48,248,970	50,093,000	48,285,250	50,987,672	52,551,658
Excess (Deficiency) of revenues over (under) expenditures	79,032	1,774,997	564,945	(970,749)	(704,408)	(1,600,272)	(1,766,023)	3,286,751	(803,354)	1,671,163
Other Financing sources (uses)										
Capital leases (non-budgeted)				151,170	333,284	178,598	226,402			
Transfers In										559,566
Transfers out			(53,000)	(78,000)	(78,000)	(53,002)	(50,084)		(37,424)	(559,566)
Total other financing sources (uses)	-	-	(53,000)	73,170	(78,000)	(53,002)	(50,084)	-	(37,424)	-
Net change in fund balances	\$ 79,032	\$ 1,774,997	\$ 511,945	\$ (897,579)	\$ (782,408)	\$ (1,653,274)	\$ (1,816,107)	\$ 3,286,751	\$ (840,778)	\$ 1,671,163

Source: CAFR Schedule B-2

BOROUGH OF ROSELLE SCHOOL DISTRICT
 General Fund Other Local Revenue by Source
 Last Ten Fiscal Years
 Unaudited

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u> <u>Revenue</u>	<u>Scholarship</u>	<u>Misc.</u>	<u>Total</u>
2002	\$ 222,789	\$ 17,112		\$ 229,452	\$ 469,353
2003	142,146	3,486		109,715	255,346
2004	92,697	28,743	\$ 6,000	272,372	399,812
2005	205,749			13,174	218,923
2006	538,978			250,308	789,285
2007	575,603		5,000	80,414	661,017
2008	405,615		6,647	21,842	434,104
2009	90,947	60,386		131,132	282,465
2010	42,573	3,506		96,622	142,701
2011	39,999			101,600	141,599

Source: District Records

BOROUGH OF ROSELLE SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Total Direct School Tax Rate
2002	\$ 6,694,900	\$ 601,082,400	\$ 70,330,400	\$ 38,222,000	\$ 46,752,100	\$ 763,081,800	\$ 135,322,100	\$ 2.020
2003	4,906,400	602,174,200	80,591,300	39,188,200	47,401,600	774,261,700	136,270,059	2.140
2004	4,986,800	605,534,400	80,356,300	39,768,500	46,501,500	777,147,500	136,880,100	2.470
2005	3,071,100	612,334,900	85,653,000	38,372,600	47,841,200	787,272,800	138,664,900	2.702
2006	3,132,700	612,490,400	83,342,500	38,085,100	47,565,000	784,615,700	138,664,900	2.749
2007	3,071,100	612,609,200	85,896,900	38,372,600	47,841,200	787,791,000	149,102,400	2.841
2008	2,955,300	616,569,100	78,215,100	36,721,300	46,320,400	783,307,290	148,747,200	2.935
2009	3,160,700	616,978,400	79,717,100	35,839,000	43,756,100	779,451,300	148,613,200	3.001
2010	3,302,700	616,649,300	79,717,100	35,698,200	43,756,100	779,123,400	148,669,800	3.001
2011	3,756,000	614,288,300	79,772,400	34,886,600	43,425,700	774,129,100	150,909,800	2.998

Source: District records Tax list summary & 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

BOROUGH OF ROSELLE SCHOOL DISTRICT
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
(rate per \$100 of assessed value)
 Unaudited

Fiscal Year Ended June 30,	Roselle Borough Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Roselle Borough	Union County	
2002	\$ 2.020		\$ 2.020	\$ 2.430	\$ 0.490	\$ 4.940
2003	2.140		2.140	2.520	0.510	5.170
2004	2.470		2.470	2.530	0.560	5.560
2005	2.702		2.702	2.701	0.646	6.049
2006	2.749		2.749	2.968	0.706	6.423
2007	2.841		2.841	2.857	0.750	6.448
2008	2.935		2.935	3.323	0.783	7.041
2009	3.001		3.001	3.321	0.825	7.147
2010	3.001		3.001	3.393	0.826	7.220
2011	2.998		2.998	3.605	0.912	7.515

Source: District Records and Municipal Tax Collector

BOROUGH OF ROSELLE SCHOOL DISTRICT
Principal Property Tax Payers
Current Year and One Year Ago
Unaudited

Taxpayer	2011			2010		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Related Management Co. LP	\$ 9,298,700	1	1.20%	\$ 9,298,700	1	1.19%
Warren J. Lockwood Village	7,159,500	2	0.92%	7,159,500	2	0.92%
Roselle Shopping Center	6,024,200	3	0.78%	6,024,200	3	0.77%
Roselle Golf Club	4,243,900	4	0.55%	4,243,900	4	0.54%
O.T. Group	3,000,000	5	0.39%	3,000,000	5	0.39%
Verizon	2,690,235	6	0.35%	2,690,235	6	0.35%
Rainbow Gardens	2,350,000	7	0.30%	2,350,000	7	0.30%
Roselle 3 Equities, LLC % Eckerd	2,179,600	8	0.28%	2,179,600	8	0.28%
Lincoln Mold Realty Co	2,007,600	9	0.26%	2,007,600	9	0.26%
WEC 2000A-23 LLC % CVS	2,000,000	10	0.26%	2,000,000	10	0.26%
Total	\$ 40,953,735		5.29%	\$ 40,953,735		5.26%

Source: Municipal Tax Assessor

Note: Information from nine years ago is not available, therefore information from the most recent period available is presented until nine years of information is collected.

BOROUGH OF ROSELLE SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>	<u>Percentage of Levy</u>	<u>Collections in Subsequent Years</u>
2002	\$ 15,145,024	\$ 15,145,024	100%	
2003	15,849,907	15,849,907	100%	
2004	17,569,989	17,569,989	100%	
2005	21,096,896	21,096,896	100%	
2006	22,171,532	22,171,532	100%	
2007	22,171,532	22,171,532	100%	
2008	22,538,275	22,538,275	100%	
2009	23,438,800	23,438,800	100%	
2010	23,438,800	23,438,800	100%	
2011	23,438,800	21,563,696	100%	\$ 1,875,104

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

Note:

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.

BOROUGH OF ROSELLE SCHOOL DISTRICT
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases			
2002	None	\$ 219,993	\$ 219,993	18.57%	\$ 40,848
2003	None	139,804	139,804	29.80%	41,661
2004	None	333,094	333,094	12.92%	43,045
2005	None	414,903	414,903	10.75%	44,586
2006	None	355,750	355,750	13.79%	49,062
2007	None	343,060	343,060	14.88%	51,054
2008	None	426,463	426,463	12.09%	51,539
2009	None	321,849	321,849	15.24%	49,040
2010	None	213,794	213,794	N/A	N/A
2011	None	123,871	123,871	N/A	N/A

Source: District CAFR Schedules I-2.

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

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

N/A Data is not available

BOROUGH OF ROSELLE SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2002	NONE	-	NONE	0.00%	\$ 40,848
2003	NONE	-	NONE	0.00%	41,661
2004	NONE	-	NONE	0.00%	43,045
2005	NONE	-	NONE	0.00%	44,586
2006	NONE	-	NONE	0.00%	49,062
2007	NONE	-	NONE	0.00%	51,054
2008	NONE	-	NONE	0.00%	51,539
2009	NONE	-	NONE	0.00%	49,040
2010	NONE	-	NONE	0.00%	N/A
2011	NONE	-	NONE	0.00%	N/A

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.

b Population data can be found in Exhibit J-14.

N/A Data is not available

BOROUGH OF ROSELLE SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2011
 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			
Board of Education	Not Available		Not Available
Other debt			
Borough	Not Available		Not Available
County	Not Available		Not Available
Utility Authority	Not Available		Not Available
Subtotal, overlapping debt			
Total direct and overlapping debt			
	Not Available		Not Available

Sources: Borough Chief Financial Officer, Utility Authority Financial Manager And County Treasurer's Office

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 the Borough of Roselle. This process recognizes that, when considering the District's ability to issue and repay long-term debt, 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 payment.

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

BOROUGH OF ROSELLE SCHOOL DISTRICT
 Legal Debt Margin Information,
 Last Ten Fiscal Years
 Unaudited

Legal Debt Margin Calculation for Fiscal Year 2011

	Equalized valuation basis
	2010 \$ 1,655,244,105
	2009 1,801,451,180
	2008 <u>1,844,946,125</u>
	[A] \$ <u>5,301,641,410</u>
Average equalized valuation of taxable property	[A/3] \$ 1,767,213,803
Debt limit (4 % of average equalized value)	[B] 70,688,552
Net bonded school debt	[C] -
Legal debt margin	[B-C] \$ <u>70,688,552</u>

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 42,520,674	\$ 44,742,821	\$ 53,053,001	\$ 56,197,865	\$ 49,571,935	\$ 58,580,809	\$ 66,170,941	\$ 71,476,916	\$ 72,829,683	\$ 70,688,552
Total net debt applicable to limit										
Legal debt margin	<u>\$ 42,520,674</u>	<u>\$ 44,742,821</u>	<u>\$ 53,053,001</u>	<u>\$ 56,197,865</u>	<u>\$ 49,571,935</u>	<u>\$ 58,580,809</u>	<u>\$ 66,170,941</u>	<u>\$ 71,476,916</u>	<u>\$ 72,829,683</u>	<u>\$ 70,688,552</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

BOROUGH OF ROSELLE SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2002	21,347	\$ 871,982,256	\$ 40,848	8.00%
2003	21,242	884,962,962	41,661	6.40%
2004	21,068	906,872,060	43,045	6.40%
2005	20,872	930,598,992	44,586	6.70%
2006	20,714	1,016,270,268	49,062	6.70%
2007	20,544	1,048,853,376	51,054	6.40%
2008	20,538	1,058,507,982	51,539	8.20%
2009	20,655	1,012,921,200	49,040	13.80%
2010	N/A	N/A	N/A	14.00%
2011	N/A	N/A	N/A	N/A

Source:

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

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

^c Per Capita personal income by municipality estimated based upon the census published by the US Bureau of Economic Analysis

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

BOROUGH OF ROSELLE SCHOOL DISTRICT
Principal Employers
Current Year and Nine Years Ago
Unaudited

Employer	2011			2002		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Roselle Board of Education	N/A	N/A	N/A	N/A	N/A	N/A
Roselle Borough	N/A	N/A	N/A	N/A	N/A	N/A
Verizon	N/A	N/A	N/A	N/A	N/A	N/A
Aldene Industrial Park	N/A	N/A	N/A	N/A	N/A	N/A
Parmarco, Inc.	N/A	N/A	N/A	N/A	N/A	N/A
O.T. Group	N/A	N/A	N/A	N/A	N/A	N/A
Meadow Builders, Inc.	N/A	N/A	N/A	N/A	N/A	N/A
Roselle Shopping Center	N/A	N/A	N/A	N/A	N/A	N/A
Larson Finanacial Resources	N/A	N/A	N/A	N/A	N/A	N/A
WEC c/o CUS Corp.	N/A	N/A	N/A	N/A	N/A	N/A

N/A

Information is not available

BOROUGH OF ROSELLE SCHOOL DISTRICT
 Full-time Equivalent District Employees by Function/Program
 Last Ten Fiscal Years
 Unaudited

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction:										
Regular	176.0	175.0	187.0	220.0	222.0	220.0	220.0	226.0	225.0	225.0
Special education	36.0	36.0	36.0	63.0	64.0	63.0	66.0	69.0	89.0	92.5
Other instruction	19.0	19.0	20.0	26.0	21.0	25.0	25.0	25.0	23.0	25.5
Support Services:										
Tuition										
Student & instruction related services	34.0	38.0	41.0	40.5	50.0	50.0	50.0	50.0	48.0	48.0
General administrative services	7.0	7.0	7.0	9.0	9.0	9.0	9.0	9.0	6.0	6.0
School administrative services	20.0	22.0	22.0	23.0	23.0	23.0	23.0	23.0	23.0	12.0
Business administrative services	9.0	9.0	9.0	9.5	10.0	11.0	11.0	11.0	9.0	11.0
Plant operations and maintenance	33.0	21.0	21.0	22.0	22.0	21.0	25.0	29.0	20.0	19.0
Total	<u>334.0</u>	<u>327.0</u>	<u>343.0</u>	<u>413.0</u>	<u>421.0</u>	<u>422.0</u>	<u>429.0</u>	<u>442.0</u>	<u>443.0</u>	<u>439.0</u>

Source: District Personnel Records

BOROUGH OF ROSELLE SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2002	2,752	\$ 33,746,296	\$ 12,262	0.04%	234	1:23	1:15	2,754	2,570	0.99%	93.31%
2003	2,783	35,674,343	12,819	4.54%	250	1:19	1:20	2,739	2,558	4.09%	93.39%
2004	2,913	37,505,988	12,875	0.44%	288	1:17	1:23	2,735	2,560	2.09%	93.22%
2005	2,879	40,782,789	14,166	10.02%	359	1:17	1:23	2,861	2,670	4.58%	93.30%
2006	2,843	40,541,793	14,260	0.67%	403	1:17	1:23	2,793	2,620	-2.38%	93.81%
2007	2,847	40,192,979	14,118	-1.00%	408	1:17	1:23	2,826	2,647	1.20%	93.66%
2008	2,849	49,534,630	17,387	23.16%	408	1:17	1:23	2,888	2,718	2.15%	94.11%
2009	3,005	48,111,587	16,011	-7.92%	408	1:17	1:23	2,777	2,620	-3.85%	94.34%
2010	2,873	47,540,242	16,547	3.35%	271	1:17	1:23	2,779	2,610	1.39%	93.91%
2011	2,874	51,517,134	17,925	8.33%	271	1:11	1:11	2,782	2,609	0.11%	93.78%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less 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).

BOROUGH OF ROSELLE SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
 Unaudited

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
High School										
<u>Abraham Clark High School (1917,1924,1958)</u>										
Square Feet	112,749	112,749	112,749	112,749	112,749	112,749	112,749	112,749	112,749	112,749
Capacity (students)	1,084	1,084	1,084	1,084	1,084	1,084	1,084	1,084	1,084	1,084
Enrollment	952	964	978	1010	995	995	1,010	1,043	1,015	1,015
Elementary										
<u>Charles E. Polk School (1922, 1928)</u>										
Square Feet	33,053	33,053	33,053	33,053	33,053	33,053	33,053	33,053	33,053	33,053
Capacity (students)	322	322	322	322	322	322	322	322	322	322
Enrollment	265	278	268	288	289	289	277	270	273	273
<u>Harrison School (1922,1928)</u>										
Square Feet	41,401	41,401	41,401	41,401	41,401	41,401	41,401	41,401	41,401	41,401
Capacity (students)	346	346	346	346	346	346	346	346	346	346
Enrollment a								310	326	326
<u>Washington School (1928,1953)</u>										
Square Feet	48,960	48,960	48,960	48,960	48,960	48,960	48,960	48,960	48,960	48,960
Capacity (students)	408	408	408	408	408	408	408	408	408	408
Enrollment	289	296	293	291	292	292	358	341	322	322
Middle School										
<u>Leonard V. Moore School (1957)</u>										
Square Feet	38,855	38,855	38,855	43,055	43,055	43,055	43,055	43,055	43,055	43,055
Capacity (students)	424	424	424	487	487	487	487	487	487	487
Enrollment	432	435	433	422	425	425	442	390	406	406
Junior High School										
<u>Grace Wilday School</u>										
Square Feet	24,730	24,730	24,730	48,726	48,726	48,726	48,726	48,726	48,726	48,726
Capacity (students)	178	178	178	512	512	512	512	512	512	512
Enrollment	179	180	182	452	471	471	446	441	416	416
Special Education School										
<u>Roselle School Annex</u>										
Square Feet				14,955	14,955	14,955	14,955	14,955	14,955	14,955
Capacity (students)				37	37	37	37	37	37	37
Enrollment				17	36	36	36	36	31	31
Other										
<u>Administration Building</u>										
Square Feet	2,645	2,645	2,645	2,645	2,645	2,645	2,645	2,645	2,645	2,645
<u>Maintenance and Field House</u>										
Square Feet	1,535	1,535	1,535	1,535	1,535	1,535	1,535	1,535	1,535	1,535

Number of Schools at June 30, 2011

- High School = 1
- Elementary = 3
- Middle School = 1
- Junior High School = 1
- Special Education School = 1

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the annual October district count.

BOROUGH OF ROSELLE SCHOOL DISTRICT
 General Fund
 Schedule of Required Maintenance For School Facilities
 Last Six Fiscal Years
 Unaudited

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

School Facilities	2011	2010	2009	2008	2007	2006
Abraham Clark High School	\$ 103,599	\$ 127,899	\$ 131,425	\$ 121,893	\$ 82,890	\$ 55,789
Leonard V. Moore Middle School	47,581	74,492	60,625	50,443	44,563	25,668
Grace Wilday Junior High School	21,954	32,513	22,870	25,982	30,486	11,408
Harrison Elementary School	31,669	50,072	39,679	28,626	41,214	17,112
Charles E. Polk Elementary School	28,735	38,852	31,331	33,454	32,789	15,686
Washington Elementary School	31,841	42,979	38,365	39,431	39,952	17,112
Total School Facilities	<u>\$ 265,379</u>	<u>\$ 366,806</u>	<u>\$ 324,295</u>	<u>\$ 299,829</u>	<u>\$ 271,894</u>	<u>\$ 142,775</u>

BOROUGH OF ROSELLE SCHOOL DISTRICT
Insurance Schedule
Year Ended June 30, 2011
Unaudited

Company	Type of Coverage	Coverage	Deductible
Utica National	Property Blanket Building & Contents- Replacement Cost Values	\$ 82,347,213	\$ 5,000
Utica National	Flood/Earthquake	N/C	
Utica National	Pollution Liability	1,000,000	10,000
Utica National	General Liability -Each Occurrence -General Aggregate -Prod/Completed Oper -Personal Injury -Fire Damage -Medical Expense Limit (Excluding students) -Employee Benefit Liability -Aggregate	16,000,000	N/A
Utica National	Automotive Coverage -Combined Single Limit -Hired/Non-Owned -Uninsured & Underinsured	16,000,000	N/A
Utica National	Inland Marine -Electronic Data Processing Equipment	250,000	500
Utica National	Crime Coverage -Employee Dishonesty with Faithful Performance -Theft, Disappearance & Destruction Inside and Out -Robbery & Safe Burglary Property other than Money & Securities-Inside & Out	250,000 100,000 100,000	500 500 500
Utica National	Boiler & Machinery Coverage	100,000,000	5,000
Utica National	Catastrophe Liability Coverage -Occurrence Limit -Aggregate Limit -Retained Limit	16,000,000	

Source: District Records

BOROUGH OF ROSELLE SCHOOL DISTRICT
Insurance Schedule
Year Ended June 30, 2011
Unaudited

Company	Type of Coverage	Coverage	Deductible
New Jersey School Boards Association Insurance Group	Board of Education	\$ 6,000,000	\$ 10,000
	-Liability Wrongful Acts Coverage	6,000,000	
	Each Loss Aggregate		
Mutual of Omaha	Accident-Volunteer Workers	5,000,000	N/A
Mutual of Omaha	Student Accident - Voluntary Program -Benefit Period 2 years	5,000,000	N/A
Selective Insurance	Fidelity Bonds		
	-Treasurer of School Monies	310,000	N/A
	-School Business Administrator/ Board Secretary	310,000	N/A
New Jersey School Boards Association Insurance Group	Worker's Compensation		
	-Covered Payrolls-Professional	23,375,679	
	-Covered Payrolls-Non-Professional	774,259	

Single Audit Section

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*

Honorable President and
Members of the Board of Education
Borough of Roselle School District
Roselle, New Jersey
County of Union

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Borough of Roselle School District, County of Union, New Jersey (the "District") as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 5, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; 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

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies,

significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting as item 2011-01. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We also noted certain matters of noncompliance that we have reported to the District in the separate *Auditors' Management Report on Administrative Findings* dated December 5, 2011.

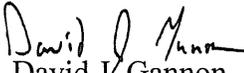
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as item 2011-01.

We also noted certain matters of noncompliance that we have reported to the District in the separate *Auditors' Management Report on Administrative Findings* dated December 5, 2011.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the District's management and Board, others within the entity, the New Jersey Department of Education, 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.


David J. Gannon
Licensed Public School Accountant
No. 2305


WISS & COMPANY, LLP

December 5, 2011
Iselin, New Jersey

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 OMB Circular 04-04

Honorable President and
Members of the Board of Education
Borough of Roselle School District
Roselle, New Jersey
County of Union

Compliance

We have audited the compliance of the Borough of Roselle School District, County of Union, New Jersey (the "District") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey OMB Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2011. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District 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 year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2011-02 through 2011-04.

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of 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.

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

This report is intended solely for the information and use of the District's management and Board, others within the entity, the New Jersey Department of Education, 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.



David J. Gannon
Licensed Public School Accountant
No. 2305



WISS & COMPANY, LLP

December 5, 2011
Iselin, New Jersey

This page left blank intentionally

BOROUGH OF ROSELLE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-Through Grantor / Program Title	Federal CFDA Number	Grant Period From	To	Award Amount	Balance at June 30, 2010	Adjustment	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) June 30, 2011	Deferred Revenue June 30, 2011	Due to Grantor at June 30, 2011
General Fund:													
U.S. Department of Education													
Passed-through State Department of Education:													
Medicaid Assistance Program	93.778	7/1/10	6/30/2011	\$ 119,475				\$ 101,988	\$ 119,475		\$ (17,487)		
Total General Fund								101,988	119,475		(17,487)		
Special Revenue Funds:													
U.S. Department of Education													
Passed-through State Department of Education:													
ARRA - Title I	84.389	9/1/09	8/31/2011	\$ 400,000	\$ (271,458)	\$ 6,695		293,088	72,197		(43,872)		
Title I	84.010	9/1/10	8/31/2011	611,054				247,836	477,965		(230,129)		
Title I, Carryover	84.010	9/1/09	8/31/2011	684,557	(175,643)	4,314		170,309	10,522		(1,542)		
Title I, Carryover	84.010	9/1/07	8/31/2009	424,710	43,140	(43,140)							
ARRA - Title I SIA	84.389	9/1/09	8/31/2011	13,756	(6,273)			11,372	5,548		(449)		
Title I - SIA	84.010	9/1/10	8/31/2011	78,572				1,476	1,684		(208)		
Title I - SIA, Carryover	84.010	9/1/08	8/31/2010	117,145	(9,729)	9,729							
Title I - SIA, Carryover	84.010	9/1/09	8/31/2011	24,829	(20,828)				58,621		(79,449)		
Title I - SIA, Carryover	84.010	9/1/06	8/31/2009	665	14	(14)							
Title II - Part A	84.367	9/1/10	8/31/2011	115,561				69,634	90,936		(21,302)		
Title II - Part A, Carryover	84.367	9/1/08	8/31/2010	121,035	(9,184)	9,184							
Title II - Part A, Carryover	84.367	9/1/09	8/31/2011	116,074	(27,966)	154		27,967	360		(205)		
Title II - Part D Tech, Carryover	84.318	9/1/08	8/31/2010	5,646		1,421							
Title II - Part D Tech, Carryover	84.318	9/1/07	8/31/2009	2,885	(1,740)	1,740		4,410			\$ 4,410		
Title II - Part D Tech, Carryover	84.318	9/1/09	8/31/2011	6,286	(1,216)	300			916				
Title III	84.365	9/1/10	8/31/2011	67,258					23,835		(20,104)		
Title III, Carryover	84.365	9/1/08	8/31/2010	84,503	(1,260)	1,927			43,939			4,631	
Title III, Carryover	84.365	9/1/07	8/31/2008	53,033	(4,089)	4,089		13,118	11,496			13,118	
Title III, Carryover	84.365	9/1/06	8/31/2008	53,945	(2,491)	2,491							
Title III, Carryover	84.365	9/1/05	8/31/2006	77,176	(6,545)	6,545							
Title III, Carryover	84.365	9/1/09	8/31/2010	61,860	(11,891)	11,891							
Title IV, Carryover	84.186	9/1/09	8/31/2011	12,268	(6,950)	117		7,682	117			849	
Title IV, Carryover	84.186	9/1/08	8/31/2010	13,674	(4,257)	(802)		5,059					
Title IV, Carryover	84.186	9/1/07	8/31/2009	15,246	91	(91)							
Title IV, Carryover	84.186	9/1/06	8/31/2008	14,334	48	(48)							
Title IV, Carryover	84.186	9/1/07	8/31/2008	8,927	1,104	(1,104)							
Title IV, Carryover	84.186	9/1/06	8/31/2007	9,783	214	(214)							
ARRA - IDEA Part B Basic	84.391	9/1/09	8/31/2011	973,866	(120,090)	46,552		233,406	641,816		(481,948)		
IDEA, Part B Basic	84.027	9/1/10	8/31/2011	857,277				578,495	825,449		(246,954)		
IDEA, Part B Basic, Carryover	84.027	9/1/09	8/31/2011	880,039	(393,227)	527		392,562	15,661		(15,799)		
IDEA, Part B Basic, Carryover	84.027	9/1/08	8/31/2010	871,793	75,148							75,148	
IDEA, Part B Basic, Carryover	84.027	9/1/07	8/31/2009	874,105	1,836	(1,836)							
IDEA, Part B Basic, Carryover	84.027	9/1/06	8/31/2008	827,312	(5,364)	5,364							
ARRA - IDEA Part B Preschool	84.392	9/1/09	8/31/2011	35,049					9,232		(9,232)		
IDEA, Part B Preschool	84.173	9/1/10	8/31/2011	27,472				12,461	24,232		(11,771)		
IDEA, Part B Preschool, Carryover	84.173	9/1/09	8/31/2011	46,740	(9,194)	64			2,849		(11,979)		
IDEA, Part B Preschool, Carryover	84.173	9/1/08	8/31/2010	27,324	(4,220)	4,220							
IDEA, Part B Preschool, Carryover	84.173	9/1/06	8/31/2008	56,381	(684)	684							
IDEA, Part B Preschool, Carryover	84.173	9/1/06	8/31/2008	28,151	28,151	(28,151)							
IDEA, Part B Basic	84.027	7/1/06	6/30/2007	85,950	(7,302)	7,302							
IDEA, Part B Basic	84.027	7/1/06	6/30/2007	85,743	(12,866)	5,116		7,750					
IDEA, Part B Basic	84.027	7/1/09	6/30/2010	60,000									
IDEA, Part B Basic	84.027	7/1/09	6/30/2010	60,482	(22,491)	22,491							
ARRA - Talent 21	84.386	3/1/10	9/15/2011	1,430,000	(589,161)	27,735		846,044	732,110		(447,492)		
Vocational Education, Carryover	84.048	7/1/08	6/30/2009	9,804		195				\$ 109			\$ 195
Vocational Education, Carryover	84.048	7/1/09	6/30/2010	33,848	(11,250)			11,250					
Vocational Education	84.048	7/1/10	6/30/2011	33,848					25,142		(25,142)		
High school that works	84.048	7/1/05	6/30/2012	6,717	6,717							6,717	
ARRA - School Improvement Grants	84.388	9/1/10	8/31/2011	1,604,686				500,433	893,846		(393,413)		
Include, Carryover	84.000	9/1/07	8/31/2008	161,538	1,835	(1,835)							
Include, Carryover	84.000	9/1/08	8/31/2009	226,000	21,144	1,835						22,979	
Include, Carryover	84.000	9/1/09	8/31/2010	240,000	(114,358)	605		186,413	76,403		(3,743)		
Include	84.000	9/1/10	8/31/2011	235,000					192,080		(147,046)		
NJ Learn & Serve, Carryover	84.048	7/1/09	6/30/2012	25,000				9,947				9,947	
NJ Learn & Serve, Carryover	84.048	7/1/08	6/30/2012	25,000	1,497	871						2,368	
Total U.S. Department of Education					(1,669,258)	104,081	-	3,715,957	4,212,088	109	(2,201,779)	140,167	195

BOROUGH OF ROSELLE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-Through Grantor / Program Title	Federal CFDA Number	Grant Period From To		Award Amount	Balance at June 30, 2010	Adjustment	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) June 30, 2011	Deferred Revenue June 30, 2011	Due to Grantor at June 30, 2011
Pass-Through County of Union													
Summer Youth Employment Training Program	17.250	7/1/09	6/30/2010	\$ 30,916	\$ (93)	\$ 93							
Total County of Union					(93)	93	-	-	-	-	-	-	-
Total Special Revenue Fund					(1,669,351)	104,174	-	\$ 3,715,957	\$ 4,212,088	\$ 109	\$ (2,201,779)	\$ 140,167	\$ 195
Enterprise Fund:													
U.S. Department of Agriculture													
Passed-through State Department of Education:													
Fresh Fruit and vegetable Program	10.582	7/1/10	6/30/2011	24,955				21,706	24,955		(3,249)		
Food Donation Program (NC)	10.555	7/1/10	6/30/2011	71,961				75,515	71,961			3,554	
School Breakfast Program	10.553	7/1/09	6/30/2010	182,088	(20,676)			20,676					
School Breakfast Program	10.553	7/1/10	6/30/2011	206,052				185,457	206,052		(20,595)		
National School Lunch Program	10.555	7/1/09	6/30/2010	719,692	(75,836)			75,836					
National School Lunch Program	10.555	7/1/10	6/30/2011	856,572				778,286	856,572		(78,286)		
Total U.S. Department of Agriculture					(96,512)	-	-	1,157,476	1,159,540	-	(102,130)	3,554	-
Total Federal Awards					\$ (1,765,863)	\$ 104,174	\$ -	\$ 4,975,421	\$ 5,491,103	\$ 109	\$ (2,321,396)	\$ 143,721	\$ 195

NC- Non cash expenditures

See accompanying Notes to Schedules of Federal Awards and State Financial Assistance

BOROUGH OF ROSELLE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period		Award Amount	Balance at June 30, 2010	Adjustment	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2011			Memo Only	
		From	To								Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:															
General Fund:															
Equalization aid	11-495-034-5120-078	7/1/10	6/30/11	\$ 19,726,048				\$ 17,792,068	\$ 19,726,048					\$ (1,933,980)	\$ 19,726,048
Equalization aid	10-495-034-5120-078	7/1/09	6/30/10	13,499,185	\$ (2,102,918)			2,102,918							
Special Education Categorical Aid	11-495-034-5120-089	7/1/10	6/30/11	1,577,275				1,422,636	1,577,275					(154,639)	1,577,275
Special Education Categorical Aid	10-495-034-5120-089	7/1/09	6/30/10	1,627,531	(162,753)			162,753							
Security Aid	10-495-034-5120-084	7/1/09	6/30/10	621,020	(62,102)			62,102							
Transportation Aid	10-495-034-5120-014	7/1/09	6/30/10	247,719	(24,772)			24,772							
Extraordinary Aid	11-495-034-5120-473	7/1/10	6/30/11	451,177					451,177		\$ (451,177)				451,177
Extraordinary Aid	10-495-034-5120-473	7/1/09	6/30/10	869,640				869,640							
Reimbursement TPAF Social Security Contribution	11-495-034-5095-002	7/1/10	6/30/11	1,576,728				1,505,463	1,576,728		(71,265)				1,576,728
Total General Fund					<u>(3,222,185)</u>	<u>-</u>	<u>-</u>	<u>23,942,352</u>	<u>23,331,228</u>	<u>-</u>	<u>(522,442)</u>	<u>-</u>	<u>-</u>	<u>(2,088,619)</u>	<u>23,331,228</u>
Special Revenue Fund:															
Preschool Education Aid	11-495-034-5120-086	7/1/10	6/30/11	391,824			\$ 203,909	352,642	589,178		\$ 6,555			(39,182)	589,178
Preschool Education Aid	10-495-034-5120-086	7/1/09	6/30/10	391,824	164,727		(203,909)	39,182							
Early Childhood - Tuition	10-495-034-5120-086	7/1/09	6/30/11	56,783				56,783				56,783			
Textbook Aid	11-100-034-5120-064	7/1/10	6/30/11	46,608				46,608	46,137				\$ 471		46,137
Textbook Aid	11-100-034-5120-064	7/1/09	6/30/10	56,052	26,426	\$ 8				\$ 26,426				8	
Textbook Aid	11-100-034-5120-064	7/1/08	6/30/09	49	49					49					
Nursing Services	11-100-034-5120-070	7/1/10	6/30/11	55,227				55,227							55,227
Nursing Services	10-100-034-5120-070	7/1/09	6/30/10	66,469	14,128					14,128					
Auxiliary Services:															
English As A Second Language	11-100-034-5120-067	7/1/10	6/30/11	8,538				8,538							8,538
Transportation	11-100-034-5120-067	7/1/10	6/30/11	18,215				18,215							18,215
Compensatory Education	11-100-034-5120-067	7/1/10	6/30/11	139,740				139,740							139,740
Handicapped Services:															
Supplemental Instruction	11-100-034-5120-066	7/1/10	6/30/11	55,864				55,864							55,864
Examination and Classification	11-100-034-5120-066	7/1/10	6/30/11	75,897				75,897						17,849	58,048
Examination and Classification	10-100-034-5120-066	7/1/09	6/30/10	82,800	5,129					5,129					
Corrective Speech	11-100-034-5120-066	7/1/10	6/30/11	7,902				7,902							7,902
Corrective Speech	10-100-034-5120-066	7/1/09	6/30/10	7,532		1,369								1,369	
Home Instruction	10-100-034-5120-066	7/1/09	6/30/11	3,744				3,744							3,744
Home Instruction	11-100-034-5120-066	7/1/10	6/30/11	7,902					536		(536)				536
Teacher Mentoring	not available	7/1/06	9/30/07	14,788	669							669			
Innovative Grant	not available	7/1/06	6/30/07	500	601							601			
Personalized Student	not available	7/1/10	6/30/11	7,383				6,499	7,383		(884)				7,383
Total Special Revenue Fund					<u>211,739</u>	<u>1,377</u>	<u>-</u>	<u>866,841</u>	<u>990,512</u>	<u>45,732</u>	<u>(1,420)</u>	<u>64,608</u>	<u>19,697</u>	<u>(39,182)</u>	<u>990,512</u>
Capital Projects Fund:															
N.J. Economic Development Authority Educational Facilities Construction & Financing Act:															
N.J. Schools Development Authority	Various	6/2/10	Completion	4,363,407					421,246		(421,246)				1,966,890
Total Capital Project Funds									<u>421,246</u>	<u>-</u>	<u>(421,246)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,966,890</u>
Enterprise Fund:															
National School Lunch Program (State Share)	11-100-010-3350-023	7/1/10	6/30/11	18,901				16,287	18,901		(2,614)				18,901
National School Breakfast Program (State Share)	10-100-010-3350-021	7/1/09	6/30/10	11,606	(1,291)										
National School Lunch Program (State Share)	10-100-010-3350-023	7/1/09	6/30/10	29,031	(3,021)			3,021							
Total Enterprise Fund					<u>(4,312)</u>	<u>-</u>	<u>-</u>	<u>20,599</u>	<u>18,901</u>	<u>-</u>	<u>(2,614)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,901</u>
Total State Financial Assistance					<u>\$ (3,014,768)</u>	<u>\$ 1,377</u>	<u>\$ -</u>	<u>\$ 24,829,792</u>	<u>\$ 24,761,887</u>	<u>\$ 45,732</u>	<u>\$ (947,722)</u>	<u>\$ 64,608</u>	<u>\$ 19,697</u>	<u>\$ (2,127,801)</u>	<u>\$ 26,307,531</u>

See accompanying Notes to Schedules of Federal Awards and State Financial Assistance

Borough of Roselle School District

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

Year ended June 30, 2011

1. General

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all expenditures of federal awards and state financial assistance programs of the District. The District is defined in Note 1 to the basic financial statements. All federal awards and state financial assistance received from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal and state awards.

2. Basis of Accounting

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the Food Service Enterprise Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. The information in these schedules are presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in these schedules may differ from amounts presented, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the District's basic financial statements. The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements and 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.

Borough of Roselle School District

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2011

3. Relationship to Basic Financial Statements (continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$263,926 for the general fund and \$145,150 for the special revenue fund. See note to required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds (C-3). Federal and State award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 119,475	\$24,722,975	\$ 24,842,450
Special Revenue Fund	4,357,238	990,512	5,347,750
Capital Projects Fund		421,246	421,246
Food Service Enterprise Fund	1,159,540	18,901	1,178,441
Total award revenues	<u>\$ 5,636,253</u>	<u>\$ 26,153,634</u>	<u>\$ 31,789,887</u>

4. Relationship to Federal and State Financial Reports

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

Borough of Roselle School District

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2011

5. Adjustments

The adjustments presented on schedules K-3 and K-4 relate to the cancellation of prior year encumbrances.

6. Other

Revenues and expenditures reported under the Food Donation Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employer's share of Social Security contributions for TPAF members in the amount of \$1,576,728 for the year ended June 30, 2011.

The State of New Jersey also makes TPAF post retirement medical and pension contribution expenditures on behalf of the District, which amounted to \$1,127,821 for the year ended June 30, 2011. These expenditures are not subject to New Jersey OMB Circular 04-04 because the contributions are made by the State directly and do not have any compliance related requirements, and therefore have not been included on the Schedule of State Awards, as directed by the funding agency.

Borough of Roselle School District
Schedule of Findings and Questioned Costs (Continued)

Year ended June 30, 2011

Part II Summary of Auditor's Results (Continued)

Financial Statement Section

Type of auditor's report issued:	Unqualified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____	Yes <u> X </u>	No
Significant deficiency(ies) identified?	<u> X </u>	Yes _____	None Reported
Noncompliance material to financial statements noted?	_____	Yes <u> X </u>	No

Federal Awards Section

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000		
Auditee qualified as low-risk auditee?	_____	Yes <u> X </u>	No
Type of auditor's report issued on compliance for major programs:	Unqualified		
Internal control over major programs:			
Material weakness(es) identified?	_____	Yes <u> X </u>	No
Significant deficiency(ies) identified?	_____	Yes <u> X </u>	None Reported
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section .510(a))?	<u> X </u>	Yes _____	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
-----------------------	---

Borough of Roselle School District

Schedule of Findings and Questioned Costs (Continued)

Year ended June 30, 2011

Part II Summary of Auditor's Results (Continued)

84.027A, 84.173A	IDEIA Part B Basic and Preschool Cluster,
84.391, 84.392	(Regular and ARRA)
84.010, 84.389	Title I Part A / Title I SIA Part A (Regular and ARRA)
84.386	Talent 21 (ARRA)
84.388	School Improvement Grants (ARRA)

State Awards Section

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

\$742,856

Auditee qualified as low-risk auditee?

 Yes X No

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

Unqualified

Internal control over major programs:

Material weakness(es) identified?

 Yes X No

Significant deficiency(ies) identified?

 Yes X None Reported

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

 Yes X No

Identification of major programs:

GMIS/Program Number	Name of State Program or Cluster
495-034-5120-089	Special Education Categorical Aid
495-034-5120-078	Equalization Aid
495-034-5120-086	Preschool Education Aid
495-034-5095-002	Reimbursed TPAF Social Security Contribution

Borough of Roselle School District

Schedule of Findings and Questioned Costs (Continued)

Year ended June 30, 2011

Part II – Schedule of Financial Statement Findings

Significant Deficiency in Internal Control

2011-01

Criteria:

An effective internal control environment should include internal controls to ensure that all contracts the District enters into are properly encumbered and the internal budgets for capital projects are adequately established in the District's accounting system.

Statement of Condition:

During our audit, we noted several contracts entered into by the District and formally approved by the Board of Education were not formally encumbered on a purchase order at the time the contracts were executed. Additionally, the District has several projects ongoing in the Capital Projects Fund that are supported by funds obtained from the New Jersey Schools Development Authority and local funds, that do not have formally established budgets within the accounting system.

Questioned Costs:

There are no questioned costs associated with this finding.

Context:

We noted this condition during our audit of the Capital Projects Fund. It should be noted that the Business Office does maintain oversight of both the individual contracts executed and the amounts expended against the budgets set forth in each grant agreement, however, not formally within the accounting system. It should also be noted that we did not find any contracts or projects that were not expended within the contractual amounts or the budgets for each project.

Cause and Effect:

The District has a fully operating purchase order and budgetary accounting system in the General Fund and the Special Revenue Fund; however, the Business Office felt that the Capital Project Fund should be accounted for in a different manner. As a result, the District was not in compliance with N.J.A.C. 6A:23A-16.2, *Principles and Directives for Accounting and Reporting*.

Borough of Roselle School District

Schedule of Findings and Questioned Costs (Continued)

Year ended June 30, 2011

Part II – Schedule of Financial Statement Findings (continued)

Recommendation:

Although alternate internal controls exist to monitor Capital Project Fund contracts and budgets for capital projects, we suggest the following to improve the District's internal control structure:

- The District should establish a purchase order for each contract executed by the Board of Education immediately following such action.
- Budgets should be established within the accounting system for each individual capital project at the time that the New Jersey Schools Development Authority executes a grant agreement with the District and local share funds have been provided by the District.

Views of Responsible Officials and Planned Corrective Actions:

District management concurs with the finding and has developed a corrective action plan in response to the recommendation above.

Borough of Roselle School District

Schedule of Findings and Questioned Costs (Continued)

Year ended June 30, 2011

Part III– Schedule of Federal Awards and State Financial Assistance

Findings and Questioned Costs

Instance of Non-Compliance

2011-02 Reporting – Improper submission of grant reports

Federal Programs

Title I-A (84.010)

Title I-A SIA (84.010)

IDEA Part B, Basic and Preschool Cluster (84.027 & 84.173)

STATE PROGRAMS

None

Criteria:

In order to comply with federal reporting requirements, the District must file a final report with the federal grantor agency through the EWEG system established by the State of New Jersey, which is supported by the underlying records of the District.

Statement of Condition:

The District was unable to provide a reconciliation of the amounts reported in the final reports submitted in the EWEG system to the District's underlying records. The District's reconciliation of expenditures did not tie into the final report which will be amended by the District.

Questioned Costs:

The questioned costs related to this finding could not be determined.

Context:

The District submitted the final reports during the current fiscal year, however the District was unable to locate or reproduce the general ledger information to support the amounts included in the final reports.

Borough of Roselle School District

Schedule of Findings and Questioned Costs (Continued)

Year ended June 30, 2011

Part III– Schedule of Federal Awards and State Financial Assistance

Findings and Questioned Costs (continued)

Cause and Effect:

The District did not maintain proper supporting documents to reconcile the amounts reported on the final grant close out reports.

Recommendation:

To ensure compliance with federal reporting requirements, we suggest that the District improve its procedures and documentation to ensure that the final grant close out reports are supported by amounts recorded in the District's general ledger.

Views of Responsible Officials and Planned Corrective Actions:

District management concurs with the finding and has developed a corrective action plan in response to the recommendation above.

Borough of Roselle School District

Schedule of Findings and Questioned Costs (Continued)

Year ended June 30, 2011

Part III– Schedule of Federal Awards and State Financial Assistance

Findings and Questioned Costs (continued)

Instance of Non-Compliance

2011-03 Level of Effort – No Maintenance of Effort Report

Federal Programs

Title I-A (84.010)

STATE PROGRAMS

None

Criteria:

In order to comply with federal reporting requirements, the District must maintain a combined fiscal effort per student, or aggregate expenditures, of state and local funds (with respect to the provision of free public education) for the preceding fiscal year that is not less than 90% of the combined fiscal effort per student, or the aggregate expenditures, for the second preceding fiscal year.

Statement of Condition:

The District did not prepare a Maintenance of Effort Report.

Questioned Costs:

There are no questioned costs related to this finding.

Context:

The grant administrator in charge of the NCLB – Title I program could not provide evidence that the required calculation was prepared during the application process.

Cause and Effect:

The District did not properly prepare a Maintenance of Effort Report.

Borough of Roselle School District

Schedule of Findings and Questioned Costs (Continued)

Year ended June 30, 2011

Part III– Schedule of Federal Awards and State Financial Assistance

Findings and Questioned Costs (continued)

Recommendation:

To ensure compliance with federal reporting requirements, we suggest that the District prepare the required Maintenance of Effort report to ensure that educational services are maintained from year to year in compliance with federal requirements.

Views of Responsible Officials and Planned Corrective Actions:

District management concurs with the findings and has developed a corrective action plan in response to the recommendation above.

Borough of Roselle School District

Schedule of Findings and Questioned Costs (Continued)

Year ended June 30, 2011

Part III– Schedule of Federal Awards and State Financial Assistance

Findings and Questioned Costs (continued)

Instance of Non-Compliance

2011-04 Allowable Costs – Grant Funded Employees

Federal Programs

IDEA Part B Basic and Preschool Cluster

(Regular and ARRA) - 84.027, 84.173A, 84.391, 84.392

Title I Part A / Title I SIA Part A

(Regular and ARRA) – 84.010, 84.389

Talent 21 (ARRA) – 84.386

School Improvement Grants (ARRA) – 84.388

STATE PROGRAMS

None

Criteria:

In accordance with OMB Circular A-87, all fully or split funded grant employees are required to certify that they are spending 100%, or portion thereof, of their time working in the respective grant's capacity on at least a bi-annual basis. Additionally, the grant administrator should also sign the bi-annual certification, certifying the accuracy of the certification.

Statement of Condition:

During our testing of employees charged to federally funded grants, we noted that bi-annual certifications of certain employees were either signed only by the employees and not by the grant administrators, or not signed by the employees at all. The District was able to provide additional supporting documentation to show that the employees worked on activities supported by the grant and were approved to do so. Further, the District is already in the process of correcting this finding.

Questioned Costs:

As the District provided alternate documentation to support the expenditures to each grant, there are no questioned costs.

Borough of Roselle School District

Schedule of Findings and Questioned Costs (Continued)

Year ended June 30, 2011

Part III– Schedule of Federal Awards and State Financial Assistance

Findings and Questioned Costs (continued)

Context:

The District received a significant amount of new grants over the past two years and the grant accounting and reporting is decentralized, which presented some challenges for the District.

Cause and Effect:

The District did not properly prepare the bi-annual certifications for employees charged to the grant resulting in no supervisory approval of these individuals being charged to the grants.

Recommendation:

To ensure compliance with federal requirements, we suggest that the District continue to implement procedures to ensure that bi-annual certifications are obtained for all employees being charged to a federal grant and are signed by both the employee and the grant administrator and filed in a central location.

Views of Responsible Officials and Planned Corrective Actions:

District management concurs with the finding and has developed a corrective action plan in response to the recommendation above.

Borough of Roselle School District

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2011

2010-01 and 2010-02

ARRA - ESF / GSF (84.394, 84.397)

ARRA - IDEA PART B Basic and Preschool (84.391, 84.392)

ARRA – Talent 21 (84.386)

ARRA – Title I SIA (84.388)

ARRA – Title I (84.389)

Finding:

We were unable to test the District's ARRA 1512 reporting because the District did not always maintain hard copies of these reports.

Current Status: Not repeated in the current year.

2010-03

IDEA Part B Basic (84.027)

Finding:

Time and effort documentation was not maintained for employee salaries charged to the grant.

Current Status: Partially corrected, see finding 2011-04

2010-04

IDEA Part B Basic (84.027)

Finding:

We noted that the District filed drawdowns for the FY 09 grant in excess of monies expended by \$75,147.84.

Current Status: Not repeated in the current year

Borough of Roselle School District
Summary Schedule of Prior Year Audit Findings
Year ended June 30, 2011

2010-05

Title I (84.010)

Finding:

The District could not demonstrate that funds were expended on a school by school basis in accordance with the Grant application.

Current Status: Not repeated in the current year.