

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Borough of Teterboro Board of Education  
Teterboro, New Jersey**

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

**Prepared by**

**Borough of Teterboro Board of Education  
Finance Department**

BOARD OF EDUCATION  
BOROUGH OF TETERBORO

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BOROUGH OF TETERBORO

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## **Introductory Section**

TETERBORO  
BOARD OF EDUCATION  
Teterboro N.J. 07608

November 3, 2011

Honorable President  
And Members of the Board of Education  
Teterboro School District  
County of Bergen, New Jersey

Dear Board Members;

The comprehensive annual report of the Teterboro School District for the fiscal year ended June 30, 2011 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects, The respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the district as of June 30, 2011, and the respective changes in financial positions and cash flows, where applicable, thereof for the year ended in conformity with the accounting principles generally accepted in the United States of America.

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

**1) REPORTING ENTITY AND IT'S SERVICES:** Teterboro School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. Teterboro Board of Education and all it's schools constitute the District's reporting entity. included in this report.

Although the District has no school a full range of educational services from grade levels K through 12 are provided as a sending district. The following details the changes in the student enrollment of the District over the last seven years.

AVERAGE DAILY ENROLLMENT

Fiscal Year	Student Enrollment	Percent Change
10/11	6	33
09/10	9	50
08/09	6	45
07/08	11	0
06/07	11	0
05/06	11	10
04/05	10	59
03/04	17	0

**2) ECONOMIC CONDITION AND OUTLOOK:** The Teterboro area is experiencing a period of development which is expected to continue. The increasing number of businesses relocating to the area result in an increase in the employment level which results in an increased tax base in both residential and industrial and an increase in annual daily enrollment. This expansion is expected to continue which suggests that the Teterboro area will continue to prosper.

**3) 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 preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurances that these objectives are met. The concept of reasonable assurance recognizes that; (1) the cost of control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgements by management.

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

**4) BUDGETARY CONTROLS** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

**5) ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect 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 account groups. These funds and account groups are explained in "Notes to the Financial Statements". Note 1.

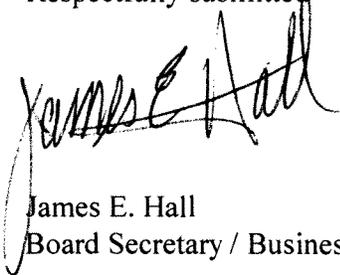
**6) CASH MANAGEMENT:** The investment policy of the District is guided in large part by State Statute as detailed in "Notes to the Financial Statements". Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

**7) RISK MANAGEMENT:** The Board carries insurance in the form of surety bonds for the Secretary and Treasurer.

**8) OTHER INFORMATION:** Independent Audit-State Statutes requires an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of T.M. Vrabel & Associates, LLC was selected by the Boards Audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and New Jersey's Treasury Circular Letter 04-04 OMB. The Auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The Auditor's report related specifically to the single audit are included in the single audit section of this report.

**9) ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Teterboro 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

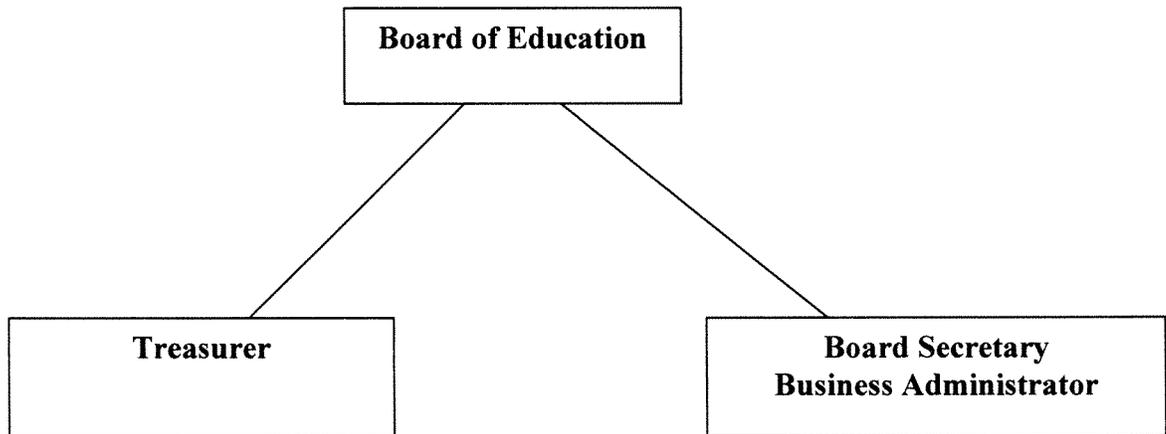
Respectfully submitted

A handwritten signature in black ink that reads "James E. Hall". The signature is written in a cursive style with a large, stylized initial "J".

James E. Hall  
Board Secretary / Business Administrator

**BOARD OF EDUCATION  
BOROUGH OF TETERBORO  
TETERBORO, NEW JERSEY 07608**

**ORGANIZATIONAL CHART**



BOARD OF EDUCATION  
BOROUGH OF TETERBORO  
TETERBORO, NEW JERSEY 07608

ROSTER OF OFFICIALS  
JUNE 30, 2011

Members of the Board of Education

Grace Ramirez	President	2012
Christine Emden	Member	2012

Other Offices

James E. Hall, Board Secretary

Virginia A. Alcuri , Treasurer

Anthony N. Gallina, Board Attorney

BOARD OF EDUCATION  
BOROUGH OF TETERBORO  
TETERBORO, NEW JERSEY 07608

CONSULTANTS AND ADVISORS

Audit Firm

T.M. VRABEL & ASSOCIATES, LLC  
Accountants and Auditors  
170 East Main Street  
PO Box 541  
Denville, NJ 07834

Attorney

Anthony N. Gallina

Official Depository

BANK OF AMERICA  
Central Avenue and Route 46 West  
Teterboro, New Jersey 07608

## **Financial Section**

## **Independent Auditor's Report**



*T. M. Vrabel & Associates, LLC*  
*Accountants and Auditors*

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*Timothy M. Vrabel, RMA, PSA*  
*Chris C. Hwang, CPA*



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Teterboro School 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 Borough of Teterboro School District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 Borough of Teterboro School District as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

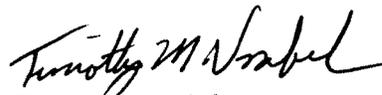
In accordance with Government Auditing Standards, we have also issued our report dated November 4, 2011 on our consideration of the Borough of Teterboro School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

*170 East Main Street*  
*P.O. Box 541*  
*Denville, NJ 07834*  
*973-625-2920 Fax: 973-625-8733*  
*Email: tmvrabeldvc@optonline.net*

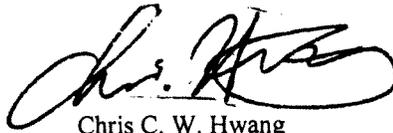
The Management's Discussion and Analysis on page 14 through 17 and budgetary comparison information on schedules C-1 and C-2 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America as promulgated 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 Borough of Teterboro School District's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and are 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.



Timothy M. Vrabel  
Public School Accountant  
License No. CS000698



Chris C. W. Hwang  
Certified Public Accountant  
License No. CC033704

November 4, 2011

**REQUIRED SUPPLEMENTARY INFORMATION -  
PART I**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Borough of Teterboro School District financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the transmittal letter on page 1 and the District's financial statements, which begin on page 23.

### FINANCIAL HIGHLIGHTS

- The District's net assets decreased \$15,000 as a result of this year's operations.
- Total cost of all of the District's programs was \$146,000 in 2010-2011 compared to \$173,000 in 2009-2010.
- During the year, the District had expenses for governmental activities that were \$14,000 more than the \$132,000 generated in tax and other program revenues.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 23 and 24) provide information about the activities of the District as a whole and present a longer-term view on the District's finances. Fund financial statements start on page 27. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operation in more detail than the government-wide statements by providing information about the District's most financially significant funds

#### Reporting the District as a Whole

##### The Statement of Net Assets and the Statement of Activities

Our analysis of the District as a whole begins on page 16. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. You can think of the District's net assets, the difference between assets and liabilities, as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base, and the condition of the District's capital assets to assess the overall health of the District.

In the Statement of Net Assets and the Statement of Activities, we divide the District into two kinds of activities:

**Governmental activities:** most of the District's basic services are reported here, including general administration. Local taxes, tuition and state and federal aid finance most of these activities.

**Business-type-activities:** The District has no proprietary funds.

## Reporting the District's Most Significant Funds

### Fund Financial Statements

Our analysis of the District's major funds begins on page 18. The fund financial statements begin on page 27 and provide detailed information about the most significant funds-not the District as a whole. Some funds are required to be established by State law. The District has one kind of fund; governmental.

*Governmental funds:* most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation on page 29.

### THE DISTRICT AS A WHOLE

The District's net assets changed from a year ago, *decreasing* \$15,000.00.

**Table 1**  
**Net Assets (in Thousands)**

	Governmental <u>Activities</u>		Business-type <u>Activites</u>		Total <u>Primary Government</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	257	284			257	284
Long term receivables					-	-
Capital assets	-	-	-	-	-	-
Total assets	<u>257</u>	<u>284</u>	<u>-</u>	<u>-</u>	<u>257</u>	<u>284</u>
Long-term debt outstanding					-	-
Other liabilities	9	21	-	-	9	21
Total liabilities	<u>9</u>	<u>21</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>21</u>
Net assets:						
Invested in capital assets, net of debt					-	-
Restricted					-	-
Unrestricted (deficit)	<u>248</u>	<u>263</u>	<u>-</u>	<u>-</u>	<u>248</u>	<u>263</u>
Total net assets	<u>248</u>	<u>263</u>	<u>-</u>	<u>-</u>	<u>248</u>	<u>263</u>

**Table 2**  
**Changes in Net Assets (in thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>Revenues</u>						
Program revenues:						
Operating Grants and Contributions	2	2			2	2
General revenues:						
Property Taxes	129	187			129	187
Federal and State Aid					-	-
Interest and Investment Earnings	1	1			1	1
Other General Revenues	-	-	-	-	-	-
Total Revenues:	<u>132</u>	<u>190</u>	<u>-</u>	<u>-</u>	<u>132</u>	<u>190</u>
<u>Program expenses including indirect expenses</u>						
Support services:						
Tuition	87	118			87	118
Student and instruction related services	2				2	-
General and business administrative services	9	8			9	8
Pupil transportation	48	47			48	47
Total Expenses	<u>146</u>	<u>173</u>	<u>-</u>	<u>-</u>	<u>146</u>	<u>173</u>
Increase (Decrease) in Net Assets	<u>(14)</u>	<u>17</u>	<u>-</u>	<u>-</u>	<u>(14)</u>	<u>17</u>

## THE DISTRICT'S FUNDS

### Governmental Activities

#### Table 3

Information below compares revenues and expenditures for all governmental fund types for 2010-2011 and 2009-2010.

(\$000 omitted)

<u>Revenues by Source:</u>	<u>2010-2011</u>	<u>2009-2010</u>	<u>% Change</u>
Local Tax Levy	129	187	-31.02%
Interest Earned to Investments	<u>1</u>	<u>1</u>	0.00%
Total - Local Sources	130	188	-30.85%
State Sources	1	3	-66.67%
Federal Sources	<u>1</u>	<u>-</u>	100.00%
Total Revenues	<u>132</u>	<u>191</u>	-30.89%

(\$000 omitted)

<u>Expenditures by Function:</u>	<u>2010-2011</u>	<u>2009-2010</u>	<u>% Change</u>
Current:			
Support Services and undistributed costs:			
Tuition	87	118	-26.27%
Student and instruction related services	2		100.00%
General and Business administrative services	9	8	12.50%
Pupil transportation	48	47	2.13%
Employee Benefits	<u>-</u>	<u>1</u>	-100.00%
Total Expenditures	<u>146</u>	<u>174</u>	-16.09%

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Business Administrator, Teterboro School District, 510 Route 46, New Jersey 07608

## **BASIC FINANCIAL STATEMENTS**

**Section A**  
**DISTRICT – WIDE FINANCIAL STATEMENTS**

**BOARD OF EDUCATION  
BOROUGH OF TETERBORO  
Statement of Net Assets  
June 30, 2011**

	<u>Governmental Activities</u>	<u>Total</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 257,360.40	\$ 257,360.40
Total Assets	257,360.40	257,360.40
 <b>LIABILITIES</b>		
Accounts payable	9,087.24	9,087.24
Total liabilities	9,087.24	9,087.24
 <b>NET ASSETS</b>		
Invested in capital assets, net of related debt		-
Restricted for:		
Capital projects		-
Debt service		-
Other purposes		-
Unrestricted	248,273.16	248,273.16
 Total Net Assets	 \$ 248,273.16	 \$ 248,273.16

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

**BOARD OF EDUCATION  
BOROUGH OF TETERBORO**  
Statement of Activities  
For the Year Ended June 30, 2011

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Support services:							
Tuition	\$ 87,221.30	\$ -	\$ -	\$ -	\$ (87,221.30)	\$ -	\$ (87,221.30)
Student and instruction related services	1,381.00		1,381.00				
General and business administrative services	9,047.82				(9,047.82)		(9,047.82)
Pupil transportation	48,072.70		302.00		(47,770.70)		(47,770.70)
Total governmental activities	<u>145,722.82</u>	<u>-</u>	<u>1,683.00</u>	<u>-</u>	<u>(144,039.82)</u>	<u>-</u>	<u>(144,039.82)</u>
Total primary government	<u>\$ 145,722.82</u>	<u>\$ -</u>	<u>\$ 1,683.00</u>	<u>\$ -</u>	<u>\$ (144,039.82)</u>	<u>\$ -</u>	<u>\$ (144,039.82)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					\$ 129,075.00	\$ -	\$ 129,075.00
Investment Earnings					<u>347.71</u>		<u>347.71</u>
Total general revenues, special items, extraordinary items and transfers					<u>129,422.71</u>		<u>129,422.71</u>
Change in Net Assets					(14,617.11)	-	(14,617.11)
Net Assets—beginning					<u>262,890.27</u>		<u>262,890.27</u>
Net Assets—ending					<u>\$ 248,273.16</u>	<u>\$ -</u>	<u>\$ 248,273.16</u>

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

**Section B**  
**FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

**BOARD OF EDUCATION  
BOROUGH OF TETERBORO  
Balance Sheet  
Governmental Funds  
June 30, 2011**

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 257,360.40	\$ 257,360.40
<b>Total Assets</b>	<u>\$ 257,360.40</u>	<u>\$ 257,360.40</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ 9,087.24	\$ 9,087.24
<b>Total Liabilities</b>	<u>9,087.24</u>	<u>9,087.24</u>
Fund Balances:		
Unreserved, reported in:		
General fund	<u>248,273.16</u>	<u>248,273.16</u>
<b>Total Fund Balances</b>	<u>248,273.16</u>	<u>248,273.16</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 257,360.40</u>	

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

Adjustment to Debt Service Fund net assets for the accrual of interest expence. -

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$-0- and the accumulated depreciation is \$-0-. -

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. -

Net assets of governmental activities \$ 248,273.16

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

**BOARD OF EDUCATION  
BOROUGH OF TETERBORO**  
Statement of Revenues, Expenditures, And Changes In Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Local sources:			
Local tax levy	\$ 129,075.00	\$ -	\$ 129,075.00
Interest earned on investments	<u>347.71</u>		<u>347.71</u>
Total - Local Sources	129,422.71	-	129,422.71
State sources	302.00		302.00
Federal sources	<u>-</u>	<u>1,381.00</u>	<u>1,381.00</u>
Total Revenues	<u>129,724.71</u>	<u>1,381.00</u>	<u>131,105.71</u>
<b>EXPENDITURES</b>			
Current:			
Support services and undistributed costs:			
Tuition	87,221.30		87,221.30
Student and instruction related services	-	1,381.00	1,381.00
General and business administrative services	8,847.00		8,847.00
Pupil transportation	48,072.70		48,072.70
Unallocated benefits	<u>200.82</u>	<u>-</u>	<u>200.82</u>
Total Expenditures	<u>144,341.82</u>	<u>1,381.00</u>	<u>145,722.82</u>
Excess (Deficiency) of revenues over expenditures	<u>(14,617.11)</u>	<u>-</u>	<u>(14,617.11)</u>
Net change in fund balances	(14,617.11)	-	(14,617.11)
Fund Balance—July 1	<u>262,890.27</u>	<u>-</u>	<u>262,890.27</u>
Fund Balance—June 30	<u>\$ 248,273.16</u>	<u>\$ -</u>	<u>\$ 248,273.16</u>

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

**BOARD OF EDUCATION  
BOROUGH OF TETERBORO  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2011**

**Total net change in fund balances - governmental funds (from B-2)** (14,617.11)

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

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

Interest paid	
Interest accrued	-

-

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

Depreciation expense	
Capital outlays (exclusive of capital lease principal payments)	-

-

Adjustment to Capital Assets in accordance with physical appraisal

-

In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed. (-)

-

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 a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition in the reconciliation (+).

-

Payment of long-term liability 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.

Debt principal	
Capital lease principal	-
Unfunded Pension Liability (ERIP)	-

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.

Proceeds of long-term debt	
Capital lease proceeds	-

Revenues in the statement of activities which do not provide current financial resources are not reported as revenues in the funds. (+)

-

**Change in net assets of governmental activities** (14,617.11)

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

## **PROPRIETARY FUNDS**

**FIDUCIARY FUNDS**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

BOARD OF EDUCATION  
BOROUGH OF TETERBORO

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note I: Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the Board of Education (Board) of the Borough of Teterboro School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District is required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the District has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so. The more significant accounting policies established in GAAP and used by the District are discussed below.

In June 1999, the GASB issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. This Statement established new financial reporting requirements for state and local governments throughout the United States. It required new information and restructuring much of the information that governments had presented in the past. The District began implementing these standards for the fiscal year ending June 30, 2004.

Other GASB Statements were also required to be implemented in conjunction with GASB Statements No. 34. Therefore, the District implemented for the fiscal year ending June 30, 2004, Statement No. 37 – Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus, and Statement No. 38 – Certain Financial Statement Note Disclosures.

B. Reporting Entity

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

BOARD OF EDUCATION  
BOROUGH OF TETERBORO

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note I: Summary of Significant Accounting Policies (Continued)

B. Reporting Entity (Continued)

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the District over which the Board exercises operating control. The District is a non-operating District and sends its students to other operating District's. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

C. Basic Financial Statements- Government-Wide Statements

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

D. Basic Financial Statements- Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

BOARD OF EDUCATION  
BOROUGH OF TETERBORO

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

The following fund types are used by the District:

Governmental Fund Types

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

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

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

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

BOARD OF EDUCATION  
BOROUGH OF TETERBORO

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note I: Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include state and federal aid, property taxes, grants entitlements and donations.

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

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".

F. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. There were no significant budget transfers or amendments approved in the school year.

BOARD OF EDUCATION  
BOROUGH OF TETERBORO

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note I: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control (Continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of legally mandated revenue recognition of the one or more June 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. Unencumbered appropriations lapse at fiscal year end.

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

The reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is presented on Exhibit C-3.

G. Assets, Liabilities and Fund Equity

1. Deposits and Investments

Deposits are cash and cash equivalents including petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be investments. U.S. Treasury and agency obligations and obligations and certificates of deposit with maturities of one year or less when purchased are state 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.

2. Capital Assets

The District has no investment in Capital Assets.

BOARD OF EDUCATION  
BOROUGH OF TETERBORO

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity (Continued)

3. Fund Equity

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

4. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates

BOARD OF EDUCATION  
BOROUGH OF TETERBORO

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note II: Reconciliation of Government Wide and Fund Financial Statements

Explanation of Differences between Governmental Funds Balance Sheet and the Statement of Net Assets

"Total fund balances" of the District's governmental funds in B-1 may differ from "net assets" of governmental activities reported in the statement of net assets in A-1. This difference primarily results from the long - term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

See Exhibit B-1.

Explanation of Differences between Governmental Funds Operating Statement and the Statement of Activities

The "net change in fund balances" for governmental funds in B-2 may differ from the "change in net assets" for governmental activities reported in the statement of activities in A-2. The difference arise primarily for the long - term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

See Exhibit B-3.

BOARD OF EDUCATION  
BOROUGH OF TETERBORO

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note III: Detailed Disclosure Regarding Assets and Revenues

A. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund, or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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 Governmental Unit Deposit Protection 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.

At June 30, 2011 the Borough of Teterboro School District's cash and cash equivalent's amounted to \$257,360.40. Of this amount, \$250,000.00 was covered by federal depository insurance (F.D.I.C.) and \$7,360.40 was covered by a collateral pool maintained by the banks as required by GUDPA.

At June 30, 2011 the Borough of Teterboro School District had no participation in the State of New Jersey Cash Management Fund .

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the disclosure of bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Borough of Teterboro School District will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party.

As of June 30, 2011 none of the Borough of Teterboro School District's cash and cash equivalents of \$257,360.40 was exposed to custodial credit risk.

Uninsured and uncollateralized	\$	-0-
Uninsured and collateral held by public depository or by its' trust department not in the Boroutgh of Terboro School District's name	\$	-0-
	\$	-0-

BOARD OF EDUCATION  
BOROUGH OF TETERBORO

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

A. Deposits and Investments (Continued)

Investments

New Jersey statutes (N.J.S.A. 18A:20-37) permit the Borough of Teterboro School District to purchase the following types of securities:

a. When authorized by resolution adopted by a majority vote of all its members the board of education of any school district may use moneys which may be in hand for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the school district;

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

(4) Bonds or other obligations of the school district or bonds or other obligations of local unit or units within which the school district is located;

(5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by school district;

(6) Local government investment pools;

(7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) or

(8) Agreements for the repurchase of fully collateralized securities, if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than 30 days;

(d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

The Borough of Teterboro School District had no investments as described in Note I:G.1 at June 30, 2011.

B. Interfund Receivables and Payables

As of June 30, 2011, the District has no interfund receivables and payables resulting from various interfund transactions.

BOARD OF EDUCATION  
BOROUGH OF TETERBORO

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note III Detailed Disclosure Regarding Assets and Revenues (Continued)

C. Capital Assets

As of June 30, 2011, The District had no capital assets.

Note IV Detailed Disclosures Regarding Liabilities and Expenses/Expenditures

A. Operating Leases

As of June 30, 2011, The District had no operating leases.

B. Long - Term Liabilities

As of June 30, 2011, The District had no long-term liabilities.

BOARD OF EDUCATION  
BOROUGH OF TETERBORO

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010  
(CONTINUED)

Note V: Pension Plans

Neither of the Board's employees is required to be enrolled in the pension plan.

Note VI: Risk Management

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

Note VII: Contingent Liabilities

The Borough of Teterboro School District is not a defendant in any lawsuits.

**REQUIRED SUPPLEMENTARY INFORMATION -  
PART II**

**Section C**  
**BUDGETARY COMPARISON SCHEDULES**

**BOARD OF EDUCATION  
BOROUGH OF TETERBORO  
Budgetary Comparison Schedule  
General Fund  
Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 129,075.00	\$ -	\$ 129,075.00	\$ 129,075.00	\$ -
Interest	-		-	347.71	347.71
Total - Local Sources	<u>129,075.00</u>	-	<u>129,075.00</u>	<u>129,422.71</u>	<u>347.71</u>
<b>Total Revenues</b>	<u>129,075.00</u>	-	<u>129,075.00</u>	<u>129,422.71</u>	<u>347.71</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Undistributed Expenditures - Instruction:</b>					
Tuition to Other LEAs Within the State - Regular	000-100-561 82,839.00	-	82,839.00	64,278.10	18,560.90
Tuition to Other LEAs Within the State - Special	000-100-562 25,425.00	-	25,425.00	15,068.20	10,356.80
Tuition to County Voc. School Dist. - Regular	000-100-563 15,900.00	-	15,900.00	7,875.00	8,025.00
<b>Total Undistributed Expenditures - Instruction:</b>	<u>124,164.00</u>	-	<u>124,164.00</u>	<u>87,221.30</u>	<u>36,942.70</u>
<b>Undist. Expend. - Child Study Team</b>					
Other Purchased Prof. and Tech. Services	000-219-390 5,200.00	-	5,200.00		5,200.00
<b>Total Undist. Expend. - Child Study Team</b>	<u>5,200.00</u>	-	<u>5,200.00</u>	-	<u>5,200.00</u>
<b>Undist. Expend. - Supp. Serv. - General Admin.</b>					
Salaries	000-230-100 2,704.00	-	2,704.00	2,651.42	52.58
Legal Services	000-230-331 1,560.00	-	1,560.00	1,500.00	60.00
Audit Fees	000-230-332 2,600.00	-	2,600.00		2,600.00
Other Purchased Professional Services	000-230-339 3,120.00	-	3,120.00		3,120.00
Communications/Telephone	000-230-530 208.00	-	208.00		208.00
BOE Other Purchased Services	000-230-585 3,120.00	(600.00)	2,520.00	152.00	2,368.00
Miscellaneous Expenditures	000-230-890 3,957.00	600.00	4,557.00	4,543.58	13.42
<b>Total Undist. Expend. - Supp. Serv. - General Admin.</b>	<u>17,269.00</u>	-	<u>17,269.00</u>	<u>8,847.00</u>	<u>8,422.00</u>
<b>Undist. Expend. - Central Services</b>					
Salaries	000-251-100 1,040.00	-	1,040.00		1,040.00
Purchased Professional Services	000-251-330 260.00	-	260.00		260.00
Miscellaneous Purchased Services (400-500 series)	000-251-592 260.00	-	260.00		260.00
<b>Total Undist. Expend. - Central Services</b>	<u>1,560.00</u>	-	<u>1,560.00</u>		<u>1,560.00</u>
<b>Undist. Expend. - Student Transportation Serv.</b>					
Contracted Services (Between Home and School) - Joint Agreements	000-270-513 49,441.00	-	49,441.00	48,072.70	1,368.30
<b>Total Undist. Expend. - Student Transportation Serv.</b>	<u>49,441.00</u>	-	<u>49,441.00</u>	<u>48,072.70</u>	<u>1,368.30</u>
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	000-291-220 375.00	-	375.00	200.82	174.18
<b>TOTAL UNALLOCATED BENEFITS</b>	<u>375.00</u>	-	<u>375.00</u>	<u>200.82</u>	<u>174.18</u>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>					
	<u>375.00</u>	-	<u>375.00</u>	<u>200.82</u>	<u>174.18</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>198,009.00</u>	-	<u>198,009.00</u>	<u>144,341.82</u>	<u>53,667.18</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>198,009.00</u>	-	<u>198,009.00</u>	<u>144,341.82</u>	<u>53,667.18</u>
<b>TOTAL EXPENDITURES</b>	<u>198,009.00</u>	-	<u>198,009.00</u>	<u>144,341.82</u>	<u>53,667.18</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(68,934.00)	-	(68,934.00)	(14,919.11)	54,014.89
<b>Fund Balance, July 1</b>	263,192.27	-	263,192.27	263,192.27	-
<b>Fund Balance, June 30</b>	<u>\$ 194,258.27</u>	<u>\$ -</u>	<u>\$ 194,258.27</u>	<u>\$ 248,273.16</u>	<u>\$ 54,014.89</u>
<b>Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Sources (Uses):</b>					
Budgeted Fund Balance	\$ (68,934.00)	\$ -	\$ (68,934.00)	\$ (14,919.11)	\$ 54,014.89
<b>Total</b>	<u>\$ (68,934.00)</u>	<u>\$ -</u>	<u>\$ (68,934.00)</u>	<u>\$ (14,919.11)</u>	<u>\$ 54,014.89</u>
<b>Analysis of Fund Balance June 30, 2011:</b>					
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				\$ 68,934.00	
Unassigned Fund Balance				179,339.16	
				<u>\$ 248,273.16</u>	
<b>Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:</b>					
Fund Balance June 30, 2011				\$ 248,273.16	
Last Two Current Year State Aid Payments Not Realized on GAAP Basis				-	
				<u>\$ 248,273.16</u>	

**BOARD OF EDUCATION  
BOROUGH OF TETERBORO  
Budgetary Comparison Schedule  
Special Revenue Fund  
For the Fiscal Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Federal Sources	\$ -	\$ 1,381.00	\$ 1,381.00	\$ 1,381.00	\$ -
<b>Total Revenues</b>	<u>\$ -</u>	<u>\$ 1,381.00</u>	<u>\$ 1,381.00</u>	<u>\$ 1,381.00</u>	<u>\$ -</u>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Other Purchased Services (400-500 series)	\$ -	\$ 1,381.00	\$ 1,381.00	\$ 1,381.00	\$ -
<b>Total Instruction</b>	<u>-</u>	<u>1,381.00</u>	<u>1,381.00</u>	<u>1,381.00</u>	<u>-</u>
<b>Total Expenditures</b>	<u>-</u>	<u>1,381.00</u>	<u>1,381.00</u>	<u>1,381.00</u>	<u>-</u>
<b>Total Outflows</b>	<u>\$ -</u>	<u>\$ 1,381.00</u>	<u>\$ 1,381.00</u>	<u>\$ 1,381.00</u>	<u>\$ -</u>

**NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION**

**BOARD OF EDUCATION  
BOROUGH OF TETERBORO  
Required Supplementary Information  
Budgetary Comparison Schedule  
Note to RSI  
For the Fiscal Year Ended June 30, 2011**

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

	<u>Exhibit</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	<b>[C-1&amp;C-2]</b>	\$ 129,422.71	\$ 1,381.00
Difference - budget to GAAP:			
The last two State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense in accordance with GASB 33.		302.00	-
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<b>[B-2]</b>	<u>\$ 129,724.71</u>	<u>\$ 1,381.00</u>
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<b>[C-1&amp;C-2]</b>	\$ 144,341.82	\$ 1,381.00
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.			
Net transfers (outflows) to general fund		-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<b>[B-2]</b>	<u>\$ 144,341.82</u>	<u>\$ 1,381.00</u>

## **OTHER SUPPLEMENTARY INFORMATION**

**Section D**  
**SCHOOL LEVEL SCHEDULES**

**Section E**  
**SPECIAL REVENUE FUND**

**BOARD OF EDUCATION  
BOROUGH OF TETERBORO  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2011**

	<u>Total</u>	<u>Federal Aid</u>
<b>REVENUES</b>		
Federal Sources	\$ 1,381.00	\$ 1,381.00
<b>Total Revenues</b>	<u>\$ 1,381.00</u>	<u>\$ 1,381.00</u>
<b>EXPENDITURES:</b>		
<b>Instruction:</b>		
Other Purchased Services (400-500 series)      100-500	\$ 1,381.00	\$ 1,381.00
<b>Total Instruction</b>	<u>1,381.00</u>	<u>1,381.00</u>
<b>Total Expenditures</b>	<u>\$ 1,381.00</u>	<u>\$ 1,381.00</u>



**Section F**  
**CAPITAL PROJECTS FUND**

**Section G**  
**PROPRIETARY FUNDS**

**ENTERPRISE FUND**

**INTERNAL SERVICE FUND**

**Section H**  
**FIDUCIARY FUND**

**Section I**  
**LONG – TERM DEBT**

## **STATISTICAL SECTION (UNAUDITED)**

GASB requires that ten years of statistical data be presented. Pursuant to State of New Jersey Department of Education requirements issued for the fiscal year ended June 30, 1994, only two years statistical data needed to be presented. Additional year's data will be included each year thereafter until ten years of data is presented.

## STATISTICAL SECTION (Unaudited)

### Financial Trends

J-1	Net Assets by Component
J-2	Changes in Net Assets
J-3	Fund Balances - Governmental Funds
J-4	Changes in Fund Balances - Governmental Funds
J-5	General Fund - Other Local Revenue by Source

### Revenue Capacity

J-6	Assessed Value and Estimated Actual Value of Taxable Property
J-7	Direct and Overlapping Property Tax Rates
J-8	Principal Property Taxpayers
J-9	Property Tax Levies and Collections

### Debt Capacity

J-10	Ratios of Outstanding Debt by Type
J-11	Ratios of Net General Bonded Debt Outstanding
J-12	Direct and Overlapping Governmental Activities Debt as of June 30
J-13	Legal Debt Margin Information

### Demographic and Economic Information

J-14	Demographic and Economic Statistics
J-15	Principal Employers

### Operating Information

J-16	Full-time Equivalent District Employees by Function/Program
J-17	Operating Statistics
J-18	School Building Information
J-19	Schedule of Required Maintenance for School Facilities
J-20	Insurance Schedule

Certain Exhibits do not contain ten years of information since GASBS No. 44 was implemented as of the fiscal year ending June 30,2006.

**BOARD OF EDUCATION  
BOROUGH OF TETERBORO**

**Net Assets by Component  
Last Eight Fiscal Years  
(accrual basis of accounting)  
Unaudited**

	Fiscal Year Ending June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
<b>Governmental activities</b>								
Invested in capital assets, net of related debt				\$ -	\$ -	\$ -	\$ -	\$ -
Restricted					91,189.00	254,014.00	162,826.00	-
Unrestricted	248,273.16	262,890.27	246,304.10	238,666.00	196,177.00	99,858.00	99,858.00	-
<b>Total governmental activities net assets</b>	<b>\$ 248,273.16</b>	<b>\$ 262,890.27</b>	<b>\$ 246,304.10</b>	<b>\$ 238,666.00</b>	<b>\$ 287,366.00</b>	<b>\$ 353,872.00</b>	<b>\$ 262,684.00</b>	<b>\$ 92,223.00</b>
<b>Business-type activities</b>								
Invested in capital assets, net of related debt								
Restricted								
Unrestricted								
<b>Total business-type activities net assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>District-wide</b>								
Invested in capital assets, net of related debt				\$ -	\$ -	\$ -	\$ -	\$ -
Restricted					91,189.00	254,014.00	162,826.00	-
Unrestricted	248,273.16	262,890.27	246,304.10	238,666.00	196,177.00	99,858.00	99,858.00	92,223.00
<b>Total district net assets</b>	<b>\$ 248,273.16</b>	<b>\$ 262,890.27</b>	<b>\$ 246,304.10</b>	<b>\$ 238,666.00</b>	<b>\$ 287,366.00</b>	<b>\$ 353,872.00</b>	<b>\$ 262,684.00</b>	<b>\$ 92,223.00</b>

Source: District records

BOARD OF EDUCATION  
BOROUGH OF TETERBORO

Changes in Net Assets  
Last Eight Fiscal Years  
(accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses</b>								
Governmental activities								
Instruction				\$ -	\$ -	\$ -	\$ -	\$ -
Regular								
Special education								
Other instruction								
Support Services:								
Tuition	87,221.30	117,765.04	128,060.00	109,366.00	121,314.00	145,316.00	128,191.00	190,060.00
Student and instruction related services			2,825.00	2,178.00	3,242.00	280.00	1,130.00	280.00
General and business administrative services	9,047.82	8,267.72	12,218.46	9,827.00	9,818.00	8,999.00	9,580.00	10,562.00
Pupil transportation	48,072.70	47,546.73	35,290.32	38,547.00	46,003.00	16,183.00	27,589.00	41,017.00
Total governmental activities expenses	144,341.82	173,579.49	178,393.78	159,918.00	180,377.00	170,778.00	166,490.00	241,919.00
Business-type activities:								
Food service								
Total business-type activities expense								
Total district-wide expenses	144,341.82	173,579.49	178,393.78	159,918.00	180,377.00	170,778.00	166,490.00	241,919.00
<b>Program Revenues</b>								
Governmental activities:								
Charges for services:								
Pupil transportation								
Interest on long-term debt								
Operating grants and contributions	302.00	2,642.00	2,772.00					
Total governmental activities program revenues	302.00	2,642.00	2,772.00					

**BOARD OF EDUCATION  
BOROUGH OF TETERBORO**

Changes in Net Assets  
Last Eight Fiscal Years  
(accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
<b>Business-type activities:</b>								
Charges for services				\$ -	\$ -	\$ -	\$ -	\$ -
Food service								
Operating grants and contributions								
Total business-type activities program revenues			2,772.00					
Total district-wide program revenues	302.00	2,642.00						
<b>Net (Expense)/Revenue</b>								
Governmental activities	(144,039.82)	(170,937.49)	(175,621.78)	(159,918.00)	(180,377.00)	(170,778.00)	(166,490.00)	(241,919.00)
Business-type activities								
Total district-wide net expense	(144,039.82)	(170,937.49)	(175,621.78)	(159,918.00)	(180,377.00)	(170,778.00)	(166,490.00)	(241,919.00)
<b>General Revenues and Other Changes in Net Assets</b>								
<b>Governmental activities:</b>								
Taxes:								
Property taxes, levied for general purposes	129,075.00	187,138.00	179,941.00	99,129.00	95,316.00	247,973.00	321,712.00	312,313.00
Federal and State aid not restricted			1,662.00	2,821.00	2,745.00	2,745.00	10,741.00	2,574.00
Tuition (other than special schools)								
Investment earnings	347.71	385.66	1,538.65					
Retirement of Assets								
Miscellaneous income			117.95	9,268.00	15,809.00	11,248.00	4,497.00	1,010.00
N.J. Economic Development Authority grants								
Proceeds of long-term debt (Refunding Bonds)								
Transfers								
Total governmental activities	129,422.71	187,523.66	183,259.60	111,218.00	113,870.00	261,966.00	336,950.00	315,897.00
<b>Business-type activities:</b>								
Investment earnings								
Transfers								
Total business-type activities	129,422.71	187,523.66	183,259.60	111,218.00	113,870.00	261,966.00	336,950.00	315,897.00
Total district-wide general revenues								
<b>Change in Net Assets</b>								
Governmental activities	(14,617.11)	16,586.17	7,637.82	(48,700.00)	(66,507.00)	91,188.00	170,460.00	73,978.00
Business-type activities								
Total district-wide change in net assets	\$ (14,617.11)	\$ 16,586.17	\$ 7,637.82	\$ (48,700.00)	\$ (66,507.00)	\$ 91,188.00	\$ 170,460.00	\$ 73,978.00

Source: District records

**BOARD OF EDUCATION  
BOROUGH OF TETERBORO**

**Fund Balances - Governmental Funds,  
Last Eight Fiscal Years  
(modified accrual basis of accounting)  
Unaudited**

	Fiscal Year Ending June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
General Fund				\$ -	\$ 91,189.00	\$ 254,014.00	\$ 162,826.00	\$ -
Reserved								
Unreserved	248,273.16	262,890.27	246,304.10	238,666.00	196,177.00	99,858.00	99,858.00	92,223.00
Total general fund	<u>\$ 248,273.16</u>	<u>\$ 262,890.27</u>	<u>\$ 246,304.10</u>	<u>\$ 238,666.00</u>	<u>\$ 287,366.00</u>	<u>\$ 353,872.00</u>	<u>\$ 262,684.00</u>	<u>\$ 92,223.00</u>
All Other Governmental Funds								
Reserved								
Unreserved, reported in:								
Capital projects fund								
Debt service fund								
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Fund Balances	<u>\$ 248,273.16</u>	<u>\$ 262,890.27</u>	<u>\$ 246,304.10</u>	<u>\$ 238,666.00</u>	<u>\$ 287,366.00</u>	<u>\$ 353,872.00</u>	<u>\$ 262,684.00</u>	<u>\$ 92,223.00</u>

Source: District records

BOARD OF EDUCATION  
BOROUGH OF TETERBORO

Changes in Fund Balances - Governmental Funds,  
Last Eight Fiscal Years  
(modified accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues</b>								
Tax levy	\$ 129,075.00	\$ 187,138.00	\$ 179,941.00	\$ 99,129.00	\$ 95,316.00	\$ 247,973.00	\$ 321,712.00	\$ 312,313.00
Interest earnings	347.71	385.66	1,538.65	7,914.00	13,712.00	11,248.00	4,497.00	1,010.00
Miscellaneous			117.95	1,354.00	2,097.00			
State sources	302.00	2,642.00	2,956.00	2,821.00	2,745.00	2,745.00	10,741.00	2,574.00
Federal sources			1,478.00					
Total revenues	<u>129,724.71</u>	<u>190,165.66</u>	<u>186,031.60</u>	<u>111,218.00</u>	<u>113,870.00</u>	<u>261,966.00</u>	<u>336,950.00</u>	<u>315,897.00</u>
<b>Expenditures</b>								
Support Services:								
Tuition	87,221.30	117,765.04	128,060.00	109,166.00	121,314.00	145,316.00	128,191.00	190,060.00
Student and instruction related services			2,825.00	2,178.00	3,242.00	280.00	1,130.00	280.00
General and business administrative services	8,847.00	8,066.90	12,017.65	9,827.00	9,152.00	8,649.00	8,945.00	9,931.00
Pupil transportation	48,072.70	47,546.73	35,290.32	38,547.00	46,003.00	16,183.00	27,589.00	41,017.00
Unallocated benefits	200.82	200.82	200.81	201.00	666.00	350.00	635.00	631.00
Total expenditures	<u>144,341.82</u>	<u>173,579.49</u>	<u>178,393.78</u>	<u>159,919.00</u>	<u>180,377.00</u>	<u>170,778.00</u>	<u>166,490.00</u>	<u>241,919.00</u>
Excess (Deficiency) of revenues over (under) expenditures	(14,617.11)	16,586.17	7,637.82	(48,701.00)	(66,507.00)	91,188.00	170,460.00	73,978.00

BOARD OF EDUCATION  
BOROUGH OF TETERBORO

Changes in Fund Balances - Governmental Funds,  
Last Eight Fiscal Years  
*(modified accrual basis of accounting)*  
Unaudited

	Fiscal Year Ending June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
<b>Other Financing sources (uses)</b>								
Proceeds from borrowing	-	-	-	-	-	-	-	-
Capital leases (non-budgeted)	-	-	-	-	-	-	-	-
Interest Due to Escrow Agent	-	-	-	-	-	-	-	-
N.J. Economic Development Authority grants	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>								
Net change in fund balances	\$ (14,617.11)	\$ 16,586.17	\$ 7,637.82	\$ (48,701.00)	\$ (66,507.00)	\$ 91,188.00	\$ 170,460.00	\$ 73,978.00
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District records

**BOARD OF EDUCATION  
BOROUGH OF TETERBORO**

**General Fund - Other Local Revenue by Source  
Last Ten Fiscal Years**

*(modified accrual basis of accounting)*

**Unaudited**

<u>Fiscal Year Ended June 30,</u>	<u>Total</u>	<u>Tuition</u>	<u>Interest</u>	<u>Transportation</u>	<u>Miscellaneous</u>	<u>Prior Year Refunds</u>	<u>Sale of Property</u>
2002	\$ 1,567.00	\$ -	\$ 1,567.00	\$ -	\$ -	\$ -	\$ -
2003	1,526.00		1,526.00				
2004	1,010.00		1,010.00				
2005	4,497.00		4,497.00				
2006	11,248.00		11,248.00				
2007	15,809.00		13,712.00			2,097.00	
2008	9,268.00		7,914.00		1,354.00		
2009	1,656.60		1,538.65		117.95		
2010	385.66		385.66				
2011	347.71		347.71				

**Source: District records**

BOARD OF EDUCATION  
BOROUGH OF TETERBORO

Assessed Value and Estimated Actual Value of Taxable Property,  
Last Eight Fiscal Years  
Unaudited

Fiscal Year Ended December 31,	Assessed Value					Public Utilities	Net Valuation Taxable	Estimated Actual Value (County Equalized)	Total Direct School Tax Rate
	Vacant Land	Residential	Farm	Commercial	Industrial				
2004	\$ 930,600	\$ 1,080,700		\$ 2,563,400	\$ 308,150,300	\$ 1,024,200	\$ 313,749,200	\$ 233,949,052	0.102
2005	930,600	1,080,700		2,563,400	307,928,600	1,024,200	313,627,500	278,168,253	0.079
2006	930,600	1,080,700		2,563,400	308,714,326	1,024,200	314,313,226	495,505,736	0.030
2007	930,600	1,080,700		4,761,403	319,750,783	1,024,200	327,547,686	424,507,147	0.030
2008	1,473,000	1,095,200		6,344,300	408,444,600	1,196,300	418,553,400	489,969,806	0.043
2009	5,276,600	1,095,200		7,744,300	402,335,400	2,207,428	418,658,928	497,803,048	0.044
2010	1,333,500	1,190,000		6,126,800	365,263,715	2,207,424	376,121,439	400,359,258	0.034
2011	33,279,500	1,190,000		6,033,700	336,108,350	2,207,424	378,618,974	419,446,581	0.033

Source: Municipal Tax Assessor

**BOARD OF EDUCATION  
BOROUGH OF TETERBORO**

**Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years  
(rate per \$100 of assessed value)  
Unaudited**

Fiscal Year Ended December 31,	School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Municipality	County		
2001	0.072		0.072	1.060	0.218	1.350	
2002	0.080		0.080	1.024	0.216	1.320	
2003	0.135		0.135	1.009	0.216	1.360	
2004	0.102		0.102	0.700	0.158	0.960	
2005	0.079		0.079	0.736	0.185	1.000	
2006	0.030		0.030	0.774	0.206	1.010	
2007	0.030		0.030	0.813	0.234	1.077	
2008	0.043		0.043	0.700	0.201	0.944	
2009	0.044		0.044	0.714	0.225	0.983	
2010	0.033		0.033	0.983	0.267	1.283	

Source: Municipal Tax Collector

**BOARD OF EDUCATION  
BOROUGH OF TETERBORO**

**Principal Property Taxpayers  
Current Year and Nine Years Ago  
Unaudited**

Fiscal Year Ended June 30,	2011		2002	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Rreef America	\$ 59,300,000	15.62%	\$ -	
Quest Diagnostics	54,126,000	14.25%		
Teterboro Associates	27,661,000	7.28%		
Prologist	27,470,000	7.23%		
Symrise	16,150,000	4.25%		
AMB International	14,591,400	3.84%		
Central SGE LLC	13,576,000	3.57%		
KTR Capital Holding	11,280,000	2.97%		
GFS Global Expo	10,124,000	2.67%		
Richard Catina	8,335,000	2.19%		
<b>Total</b>	<b>\$ 242,613,400</b>	<b>63.89%</b>	<b>\$ -</b>	<b>0.00%</b>

Source: Municipal Tax Assessor

**BOARD OF EDUCATION  
BOROUGH OF TETERBORO**

**Property Tax Levies and Collections  
Last Ten Fiscal Years  
Unaudited**

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy	Amount	Percentage of Levy		Amount	Percentage of Levy
2001	3,391,138.00	98.15%	3,328,663.00	98.15%		3,328,663.00	98.15%
2002	3,099,863.00	98.95%	3,067,358.00	98.95%		3,067,358.00	98.95%
2003	3,155,445.00	99.95%	3,154,085.00	99.95%		3,154,085.00	99.95%
2004	3,023,785.00	99.79%	3,017,659.00	99.79%	6,126.00	3,023,785.00	100.00%
2005	3,149,762.00	99.20%	3,124,762.00	99.20%		3,124,762.00	99.20%
2006	3,200,321.00	99.56%	3,186,402.00	99.56%		3,186,402.00	99.56%
2007	3,687,235.08	98.06%	3,615,930.07	98.06%		3,615,930.07	98.06%
2008	3,967,248.29	98.74%	3,917,645.61	98.74%	35,565.40	3,953,211.01	99.64%
2009	4,124,824.27	98.02%	4,043,461.35	98.02%		4,043,461.35	98.02%
2010	4,900,303.84	99.99%	4,899,990.25	99.99%		4,899,990.25	99.99%

**Source: Municipal Tax Collector**

BOARD OF EDUCATION  
BOROUGH OF TETERBORO

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
Unaudited

Not Applicable

**BOARD OF EDUCATION  
BOROUGH OF TETERBORO**

**Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years  
Unaudited**

**Not Applicable**

**BOARD OF EDUCATION  
BOROUGH OF TETERBORO**

**Direct and Overlapping Governmental Activities Debt  
As of December 31, 2010  
Unaudited**

Net Direct Debt of School District as of December 31, 2010	\$ -
Net Overlapping Debt of School District: Borough of Teterboro (100%)	2,936,143.06
County of Bergen - Borough's share (.23929%)	<u>1,748,827.68</u>
Total Direct and Overlapping Bonded Debt as of December 31, 2010	<u>4,684,970.74</u>
	<u>\$ 4,684,970.74</u>

Source: Borough of Teterboro Chief Financial Officer and Bergen County Treasurer's Office.

**BOARD OF EDUCATION  
BOROUGH OF TETERBORO**

**Legal Debt Margin Information  
Last Ten Fiscal Years  
Unaudited**

Not Applicable

**BOARD OF EDUCATION  
BOROUGH OF TETERBORO**

**Demographic and Economic Statistics  
Last Ten Fiscal Years  
Unaudited**

Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2002	18	446,040	24,780	0.00%
2003	18	459,421	25,523	0.00%
2004	18	473,204	26,289	0.00%
2005	18	487,400	27,078	0.00%
2006	17	474,132	27,890	0.00%
2007	17	488,356	28,727	0.00%
2008	17	503,006	29,589	0.00%
2009	17	533,640	31,391	0.00%
2010	64	2,069,504	32,336	0.00%
2011	64 (Est.)	2,069,504	32,336 (Est.)	0.00%

**Sources:**

Population information provided by the NJ Dept of Labor and Workforce Development  
 Personal income has been estimated based upon the municipal population and per capita personal income presented  
 Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.  
 Unemployment data provided by the NJ Dept of Labor and Workforce Development

BOARD OF EDUCATION  
BOROUGH OF TETERBORO

Principal Employers  
Current Year and Nine Years Ago  
Unaudited

Employer	2011			2002		
	Approximate Employees	Rank [Optional]	Percentage of Total Municipal Employment	Approximate Employees	Rank [Optional]	Percentage of Total Municipal Employment
Odyssey Overland LLC						
Panther Valley Golf Course						
Allamuchy Public Schools						
BLD's Grill						
Panther Valley Recreation Ctr.						
Panther Valley Pharmacy Cards						
Panther Valley Inn						
Mattar's Restaurant & Catering					Not Available	
North Warren Medical Assoc						
Allamuchy Mall Partners Inc.						
Bank of America						
Baker Residential LP						
	0		0.00%	0	0	0.00%

Source: \_\_\_\_\_

**BOARD OF EDUCATION  
BOROUGH OF TETERBORO**

**Full-time Equivalent District Employees by Function/Program  
Last Ten Fiscal Years  
Unaudited**

**Not Applicable**

**BOARD OF EDUCATION  
BOROUGH OF TETERBORO**

**Operating Statistics  
Last Ten Fiscal Years  
Unaudited**

**Not Applicable**

**BOARD OF EDUCATION  
BOROUGH OF TETERBORO**

School Building Information  
Last Ten Fiscal Years  
Unaudited

Not Applicable

**BOARD OF EDUCATION  
BOROUGH OF TETERBORO**

**General Fund  
Schedule of Required Maintenance for School Facilities  
Last Nine Fiscal Years  
Unaudited**

**Not Applicable**

**BOARD OF EDUCATION  
BOROUGH OF TETERBORO**

**Insurance Schedule  
As of June 30, 2011  
Unaudited**

<b>Policy Type</b>	<b>COVERAGE</b>	<b>DEDUCTIBLE</b>
Surety Bond - Treasurer of School Moneys	14,000	
Surety Bond - Board Secretary/Business Administrator	15,000	

**Source: District Records**

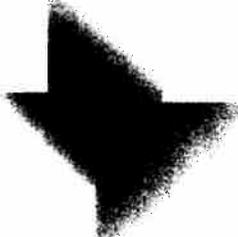
**REPORT PURSUANT TO GOVERNMENT AUDITING STANDARDS**



*T. M. Vrabel & Associates, LLC*  
*Accountants and Auditors*

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*Timothy M. Vrabel, RMA, PSA*  
*Chris C. Hwang, CPA*



K-1  
Sheet 1

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

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

We have audited the basic financial statements of the Borough of Teterboro School District as of and for the year ended June 30, 2011, and have issued our report thereon dated November 4, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

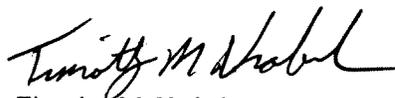
*170 East Main Street*  
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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. (Finding #2011-1). A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

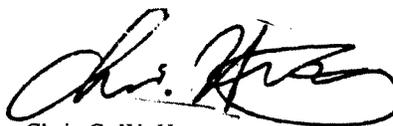
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Teterboro School 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 no instances of noncompliance or other matters that are required to be reported under Governmental Auditing Standards and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

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



Timothy M. Vrabel  
Public School Accountant  
License No. CS000698



Chris C. W. Hwang  
Certified Public Accountant  
License No. CC033704

November 4, 2011

**BOARD OF EDUCATION  
BOROUGH OF TETERBORO**

**Schedule of Expenditures of Federal Awards, Schedule A  
For the Fiscal Year Ended June 30, 2011**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA or Grant Number	Grant Period	Award Amount	Balance July 1, 2010	Adjustments	Cash Received	BUDGETARY EXPENDITURES			Total	Repayment of Prior Years' Balances	Accounts Receivable	Balance June 30, 2011 Deferred Revenue	Due to Grantor
							Disbursements	Accounts Payable	Encumbrances					
U.S. Department of Education Passed - Through State Department of Education: I.D.E.A. Part B, Basic	84.027A	9/1/10-8/31/11	\$ 1,381.00	\$ -	\$ -	\$ 1,381.00	\$ 1,381.00	\$ -	\$ -	\$ 1,381.00	\$ -	\$ -	\$ -	\$ -
Total U.S. Department of Education			\$ 1,381.00	\$ -	\$ -	\$ 1,381.00	\$ 1,381.00	\$ -	\$ -	\$ 1,381.00	\$ -	\$ -	\$ -	\$ -
Total Federal Financial Assistance			\$ 1,381.00	\$ -	\$ -	\$ 1,381.00	\$ 1,381.00	\$ -	\$ -	\$ 1,381.00	\$ -	\$ -	\$ -	\$ -

The accompanying Notes to Schedules of Awards and Financial Assistance are an integral part of this schedule.

BOARD OF EDUCATION  
BOROUGH OF TETERBORO

Schedule of Expenditures of State Financial Assistance, Schedule B  
For the Fiscal Year Ended June 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2010	Adjustments	Cash Received	BUDGETARY EXPENDITURES			Total	Repayment of Prior Years' Balances	Accounts Receivable	Balance June 30, 2011 Deferred Revenue	Due to Grantor
							Disbursements	Accounts Payable	Encumbrances					
State Department of Education:														
General Funds:														
Categorical Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	\$ 3,110.00	\$ (302.00)		\$ 302.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total General Funds				\$ (302.00)		\$ 302.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total All Funds				\$ (302.00)		\$ 302.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying Notes to Schedules of Awards and Financial Assistance are an integral part of this schedule.

BOARD OF EDUCATION  
BOROUGH OF TETERBORO

NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2011

Note 1: General

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

Note 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes I:E and Note I:F. to the Board's basic financial statements. The information in the schedules is 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 the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3: Relationship to Basic Financial Statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, payments are not recognized until the subsequent year due to the state deferral and recording of the 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 one or more deferred June state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

BOARD OF EDUCATION  
BOROUGH OF TETERBORO

NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2011  
(CONCLUDED)

Note 3: Relationship to Basic Financial Statements (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$302.00 for the general fund and \$-0- for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 302.00	\$ 302.00
Special Revenue Fund	<u>1,381.00</u>	_____	<u>1,381.00</u>
Total Awards and Financial Assistance	<u>\$1,381.00</u>	<u>\$ 302.00</u>	<u>\$ 1,683.00</u>

Note 4: Relationship to State Financial Reports

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



BOARD OF EDUCATION  
BOROUGH OF TETERBORO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)

Part 2 – Schedule of Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of Government Auditing Standards.

Finding 2011-1

Criteria or specific requirement:

Management is responsible for establishing and maintaining an internal control system to ensure compliance with requirements of laws, regulations, contracts and grants.

Condition:

Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties, so that one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected. Certain functions in the Board Office are handled by one person.

Questioned Costs:

Not Applicable

Context:

While this situation is not unusual in operations the size of the School District, management should be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Effect:

Our audit did not reveal any significant errors or irregularities resulting from this lack of segregation of employees' duties and responsibilities.

Recommendation:

Not Applicable

BOARD OF EDUCATION  
BOROUGH OF TETERBORO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)

Part 3 – Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs

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

Not Applicable

BOARD OF EDUCATION  
BOROUGH OF TETERBORO

SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE YEAR ENDED JUNE 30, 2011

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

STATUS OF PRIOR YEAR FINDINGS

FINDING #2010-1

Condition

Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties, so that one employee has access to both physical assets and related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected. Certain functions in the Board Office are handled by one person.

Current Status

Unchanged – See Finding #2011-1